THE NATIONAL FORUM
ON FAMILY SECURITY
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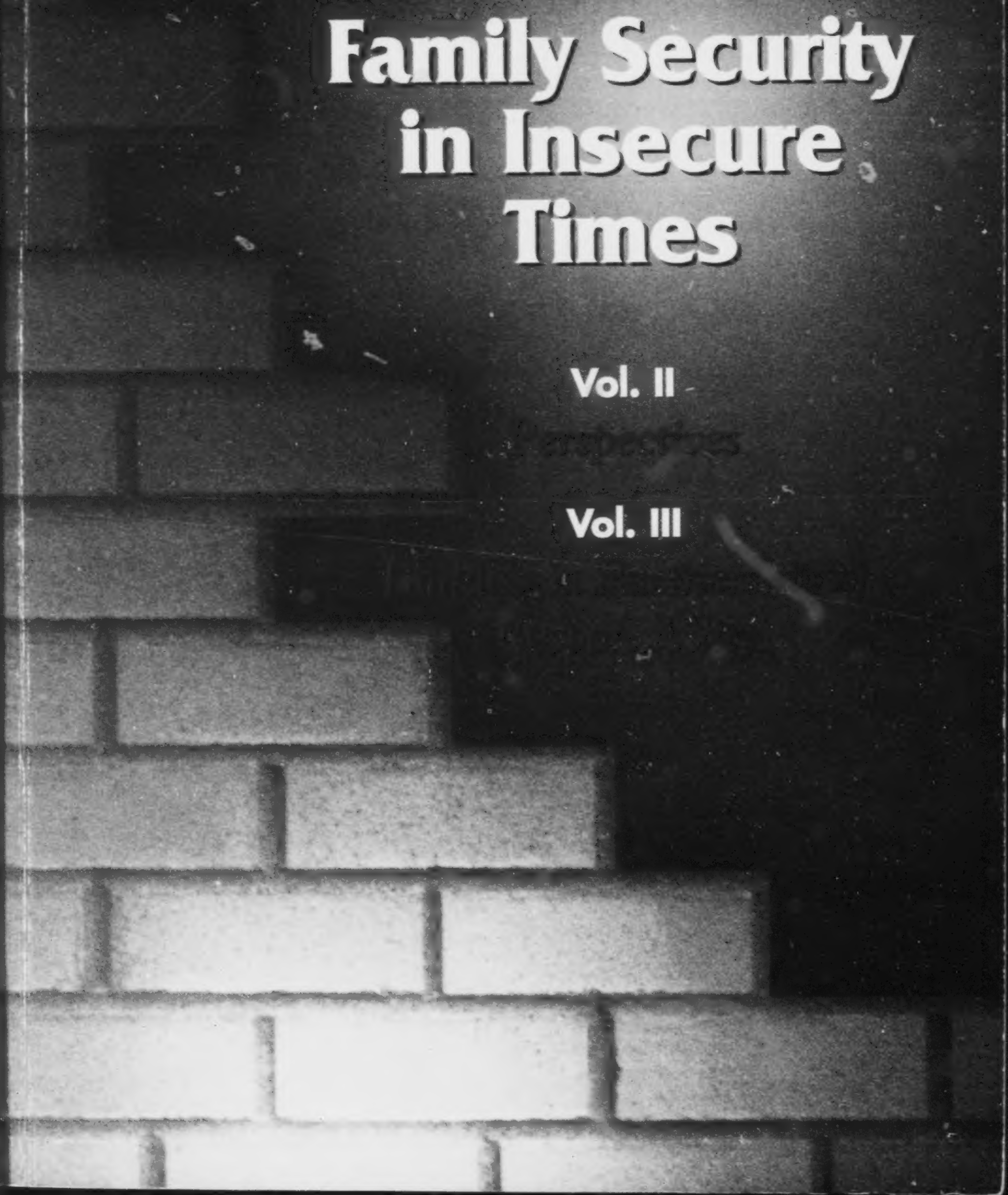
FORUM NATIONAL SUR LA
SÉCURITÉ DES FAMILLES
ÉCONOMIQUE • SOCIALE

Family Security in Insecure Times



Vol. II

Perspectives

Vol. III

Family Security in Insecure Times

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Family Security in Insecure Times

National Forum on Family Security

Canadian Council on Social Development

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The National Forum on Family Security

The National Forum on Family Security was established in 1991 as a public interest initiative of the Laidlaw Foundation's Children at Risk Programme, from which financial support was received. The Forum's primary goal has been to present informed perspectives and policy options to help stimulate national discussions about family security policies in Canada. Under the guidance of an independent group of experts from various regions and sectors of the Canadian social policy field, the Forum has conducted seminars and commissioned two series of policy papers on family security issues. The first series of papers – published in Vol. I of *Family Security in Insecure Times* – explored the extent, nature and causes of the growing feeling of economic and social insecurity among Canadian families. The 10 papers presented here in Vol. II provide new perspectives on resolving family insecurity, and Vol. III provides a concluding statement from the Forum Directors Group.

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Table of Contents

Acknowledgements xi
Foreword xiii

Vol. II – Perspectives

Chapter 1 – Family-friendly Organizations and Beyond: Proposals for Policy Directions with Women in Mind 1
by Ann Duffy and Norene Pupo
- The Conflict Between Families and Their Paid Work 1
- Current Work-based Initiatives of Family and Work Conflicts: Problems and Policy Proposals 4
- The Containment of Social Policy in the 1990s 13
- Toward Social Transformation 15

Chapter 2 – Working Less and Enjoying It More 25
by Frank Reid
- Creating Jobs Through Voluntary Work Reductions 27
- Making Work Sharing Work 37
- Conclusion 46

Chapter 3 – Employers and Family Security 49
by Claude Béland
- Changes to the Corporate Environment and Global Economic Evolution 50
- Sociodemographic Changes, Changes in the Workforce Composition and New Concerns of Employees Regarding Their Parental Responsibilities 55
- Updated Management Philosophies Take Parental Responsibilities of Employees into Account 58

Going Beyond Personal Interests to Promote a Generous Societal Project Together 63

Chapter 4 – Reinventing Solidarity: The Status Quo Is Not an Option **69**
by Jean-Bernard Robichaud

The Information Revolution 71
Reinventing Solidarity 76
Conclusion 84

Chapter 5 – Lessons from Europe: Policy Options to Enhance the Economic Security of Canadian Families **87**
by Shelley A. Phipps

Socioeconomic Change in Canada and Europe 88
Cash Transfers for Children in Canada and Europe 95
Maternity or Parental Benefits in Canada and Europe 101
Advance Maintenance Payments 108
Summary Discussion 110
Conclusion 116

Chapter 6 – The Best Income Security System We Never Had **123**
by Michael Mendelson

Child Benefits 125
Family Allowance 126
Social Insurance Programs 130
Last Resort Programs 135
Conclusion 148

Chapter 7 – Families, Schools and Communities: Social Resources for a Learning Society **153**
by Daniel P. Keating

Contemporary Challenges for Education 155
What's Needed: A Developmental Perspective 159
Education as a Community Resource: Toward a Learning Society 167

Chapter 8 – A World of Adults Worthy of Children **177**
by Camil Bouchard
    Who Helps Our Children in Their Development ? 177
    Diminishing the Threats Against Adults Helping Children 178
    Conclusion 191

Chapter 9 – The Dance of the Deficit and the Real World of Wealth: Rethinking Economic Management for Social Purpose **197**
by Rob Dobell
    New World, New Circumstances 199
    Rethinking Social Policy: The New Social Contract 205
    Rethinking the Mechanics of Distribution: The Candidate Scheme 207
    Reality Check: Taxable Capacity and the Race to the Bottom 210
    Rethinking Fiscal Federalism: Roles of Governments 217
    Conclusion 219

Chapter 10 – Children, Women and Our Economy: Building Reconciliation for the 21st Century **227**
by Lorna R. Marsden
    New Knowledge of Child Development 229
    The Western World and Child-care 230
    Canadian Prospects 232

Vol. III – Building a Partnership of Responsibility

by Forum Directors Group
    Introduction 239
    Part I: The Challenges Facing Families 245
    Part II: Changing Responsibilities 252
    Families 256
    Workplaces 259
    Communities 263
    Governments 266
    Part III: Building a Partnership of Responsibility 272
    Conclusion 281

About the Contributors **285**

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Directors Group
Ottawa, April 1996

Foreword

The material presented in Volumes II and III completes the work of the National Forum on Family Security. Our goal at the Forum was to raise the profile of what we believe to be the central issue facing Canadian society: family economic and social insecurity. In the years that followed our first meeting in the fall of 1991, the deficit continued to dominate public discussions. But as the evidence in these two volumes attests, Canadians are increasingly questioning their governments' priorities. We are convinced that greater and greater priority will be placed on addressing family economic and social security as the real costs to society of public expenditure slashing become clear.

In the first volume of this series, we stated that economic and social insecurity among Canadian families was growing and uncontained; that the political system seemed paralysed in the face of it; and that fundamental change, not partisan tinkering, was in order. Released in 1993, *Family Security in Insecure Times, Volume I* was a set of articles the Forum commissioned to explore the causes and nature of this insecurity. This work revealed that the causes were many and that they were related to widespread structural changes occurring in advanced industrialized societies. Among the leading factors were global economic competitiveness, rapid and pervasive technological change, changes in employment practices, the aging of the population, changes in the structure and role of families, changes in governing philosophies, reduced credibility of governments and reduced faith in their ability to solve problems.

Volume II presents 10 commissioned articles that provide fresh perspectives on how to resolve the uncontained economic and social insecurity. As the Forum established at the outset, we wanted perspectives that went beyond suggestions for tinkering with programs and policies. While the papers did not have specific mandates, they were commissioned to address a set of loosely and broadly defined public policy domains: income support, public finances, human capacity development, social services and support to families, labour market and workplace practices, cultural values and governance. These articles represent the views of the authors, but the Forum has drawn heavily on them in formulating its final statement, contained in Volume III.

I would like to add one note on behalf of the authors. The production time required for a volume of many articles, published in both official languages, means that some of the papers were substantially completed up to a year ago. Rather than request revisions from the authors, we have used the earlier versions. Although this means that occasionally the data may not be the most recent, this in no way weakens the strength or nature of the argument in their papers.

David P. Ross
Chair and Managing Editor
National Forum on Family Security

Ottawa, April 1996

Family Security in Insecure Times

Vol. II Perspectives

Family-friendly Organizations and Beyond: Proposals for Policy Directions with Women in Mind

by Ann Duffy and Norene Pupo

One of the founders of modern feminism, Jessie Bernard, once wrote that "men and women march to the beat of different drummers" and that in some respects "they're not even in the same parade".[1] It is this insight that must guide family security policy initiatives in the 1990s. At the core of social reform must be an acknowledgement and understanding of the real differences between men's and women's experiences. Concretely, policy makers and social activists must differentiate between abstract notions of equality in principle and the grounded problem of promoting equality amongst people with different histories, expectations and circumstances. For policy analysts, labour leaders, community activists, educators and service providers, the challenge is, How do we stage a fair footrace when participants enter at such diverse starting points and are sometimes handicapped or unwillingly withdrawn?

To meet this challenge we must re-evaluate the notions of equity underlying current legislation and practices. We must also disregard the conventional assumption that one measure fits all; that is, that equality will follow if social programs are administered according to a universal code. Simply, we must begin with the acknowledgement that men's and women's lives are essentially different and often unequal and we must incorporate objectives that compensate for this disparity until it is eliminated.

The Conflict Between Families and Their Paid Work

Nowhere are the differences between men's and women's lives more telling than in the interstices between family and employment. It is apparent to any social observer that, particularly since the advent of industrialization, there is a long history of women's participation in paid employment being fundamentally different from that of men's. This has encompassed not only the differences between men's jobs and women's jobs and between men's wages and women's wages but also different rules and expectations attached to women employees and different lifelong patterns of employment. In particular, most employed women's lives have been conditioned by their real or anticipated familial obligations. Similarly, men's and women's roles in the family have long been considered distinctly different. As often pointed out, even the semantic implications of "to father" and "to mother" convey the vast differences between men's and women's experiences in family life.

The disparity between the life experiences of men and women in the home and on the job has seemed to ease recently. More and more women – in particular, wives and mothers – have moved with increasing permanence into the paid labour force. Increasingly, women, like men, move into the labour force in their mid to late 20s and remain there, regardless of marital status, until retirement. Today, the husband-wife family in which both partners have paid employment has become the norm, and the stay-at-home mother is increasingly an anomaly. At the same time, the modern women's (and men's) movement has had some success at popularizing a more involved parenting role for fathers. While househusbands and stay-at-home fathers are still rare, there is evidence of a considerable expansion in men's child-care and, to a lesser degree, household responsibilities.

The momentous social upheaval implied by these transformations has fundamentally altered most Canadians' experience of family life. However, these transformations have not eliminated the profound differences between men's and women's work and family lives. For example, although both men and women experience conflict between their familial roles and their employment roles (especially when there are young children in the home or elderly dependent family members), wives and mothers typically shoulder the greatest burden. Statistics Canada reports that 95% of all parents who worked for pay outside the home and had primary responsibility for child-care were mothers.[2] Similarly, recent research on the time crunch in Canada found that, while both men and women report time-related stress (for example, feeling trapped in a daily routine or feeling constantly under stress), more women than men report high levels of time stress. Further, women's stress levels appear to be directly linked to the demands of their particular role in the family. One in four mothers with infants report severe time pressures. One in three mothers who are employed full-time and whose youngest child is under 10 years of age report severe time stress.[3] In addition, women are more than twice as likely as men to be absent from work for family-related reasons. In 1991, nearly 11% of women in two-parent families with at least one child under the age of 6 lost work time due to personal or family responsibilities.[4]

The familial pressure on women appears to be directly related to societal conceptions of women's roles as wives and, in particular, mothers. As an enormous quantity of research (including international research) continues to document, it is typically mothers who are expected to assume primary responsibility for any children in the family and for the general running of the household.[5] The concrete implications are almost innumerable and include both daily activities such as the care, feeding and supervision of children and the organization of child-care as well as lifelong patterns of responsibility such as the routine assumption of primary custody in the event of marriage breakdown.

While there have been significant shifts in our societal conceptions of motherhood, the basic framework has remained essentially intact. Consequently, as women have been required, drawn or allowed to enter the paid labour force, they have continued to have to manage the ongoing demands of their familial role (or they have paid the health, financial, relationship and other consequences of the unmanageable demands on their time). Currently, for example, mothers working full-time earn less than women without children.[6]

Significant social policy initiatives have attempted to respond to the pressures on the increasing numbers of women juggling home and paid work. Most notable have been the efforts to establish a national system of child-care. Overall, however, these efforts have not been sufficient, as indicated by the stress levels noted above. The combination of family roles and employment roles continues to be particularly problematic for women. Women are paying penalties in terms of their private lives, personal health, and employment and career prospects. Employers are paying a direct cost in terms of the impact of distracted, anxious or exhausted employees, employees who opt out of employment for short or long periods of time, and employees who are hampered from reaching their full potential. More generally, the continued inequalities experienced by women combining familial and employment responsibilities exact a penalty from society as a whole. The costs show up most tellingly in the inefficient and inappropriate utilization of human resources and abilities, but they also show up indirectly, for example, in terms of increased health care costs.

Table 1. Recent Work-based Responses to Family and Work Conflict

Reducing the time demands of paid employment
  1. Part-time employment
  2. Job sharing

Reducing the rigidity of paid employment time schedules
  3. Flextime (flexible working hours)
  4. Compressed workweek
  5. Family leave provisions (maternity or parental leave, child-related sick leave)

Reducing the gap between home and work
  6. Telecommuting (home-based work, self-employment)
  7. On-site child-care (employer support for child-care)

In response to these pressures, there have been a variety of initiatives in the workplace in efforts to create more family-friendly employment for parents (Table 1). Individual women, women's groups, unionists, social reformers, employers and governmental bodies have struggled to create and perfect these various strategies. Most of the impact of these initiatives has been on women employees. With some exceptions, these efforts have been qualified successes. Yet there remains considerable room for both refinement and rethinking.

Current Work-based Initiatives on Family and Work Conflicts: Problems and Policy Proposals

The Part-time Solution?

Part-time work has been the most popular solution to the work and family conflict and has been embraced by numerous wives and mothers.[7] In Canada in 1994, 17% of workers were employed on a part-time basis (a growth of 120% since 1975) and 26% of women workers were part-timers.[8] Predictably, adult women who have at least one preschooler in the home are particularly likely to be voluntarily employed on a part-time basis.[9] In the public discourse on women, work and family, part-time work is often presented as the obvious solution that allows women to manage paid employment and family life.

While part-time work appears to promise a solution, it is often short-term and inadequate. When wives and mothers opt for part-time employment, gender divisions within the family and the workplace are perpetuated. Since many mothers work only part-time their work generates not only less income but also less prestige and clout within and outside the family. Part-time employment ensures continued economic dependence for many women within the family and contributes to impoverishment when women with a contingent labour force attachment find they must provide the full economic support for their family due to divorce or the death, disability or long-term unemployment of the male breadwinner.

Part-time employment has typically been characterized by low wages, few benefits, limited job security and few employment opportunities. It also tends to be segregated in traditional female occupations. For example, in 1993, 87% of part-time jobs were in the service sector of the economy.[10] While part-time employment may seem to provide a desirable short-term solution to the unmanageable pressures of family and work, especially when there are young children in the home, it exacts a significant toll in terms of long-term employment opportunities and benefits. For the family, this may mean a greater likelihood that an aged mother, who has spent a significant portion of her adult work life employed part-time, lacks the pension and other incomes necessary to provide adequately for her old age.

Further, part-time employment may severely restrict the nature of women's employment. Some organizations and professions have been resistant to the expansion of the part-time option. While it is possible to combine part-time employment with professional status (notably, teaching and nursing), some prestigious "male" occupations, such as corporate lawyer, engineer, surgeon and financial manager, have demanded lengthy workdays from their incumbents. It has been seen as undesirable, even impossible, to attempt to compete in these fields in a part-time capacity. As a result, women who have taken on a part-time position in one of these fields have typically only been able to reduce their work to 40 hours a week; therefore, familial benefits are fairly minimal. In other instances, organizations have tended to off-track women who seek a reduced paid workload onto the "mommy track" with its connotations of a less valuable, less serious and less promising employee.

The part-time solution, as currently constructed, has numerous negative implications. In the short run, the loss of income, benefits and status may ensure women's second-class status in the family and in the workplace. In the long run, particularly in the event of divorce or retirement, the loss of income, pension and career advancement may exact a heavy price in terms of the quality of women's lives.

The part-time solution needs policy intervention. The long-standing demand for prorated wages and benefits and legislated efforts to ensure that part-time workers are treated equitably relative to their full-time counterparts in terms, for example, of training, career development and work security remains pertinent. More broadly, there remains a need to inject greater flexibility into the working arrangements of both men and women. The increasing number of single parents of both sexes, the continuing overload of families with young children and the persistent demands for training, retraining and ongoing adult education underline the need for greater overall flexibility in employment.

Public discourse and public education involving employers, employees and unions would be a necessary first step. For example, mothers and fathers need information on the possible alternatives in work and career schedules in order that, where necessary, they can broach the subject with their employer and negotiate appropriate solutions for their circumstances (taking into consideration such idiosyncratic factors as children with disabilities, dependent seniors and so on). A significant portion of this education initiative would underscore the long-term economic and personal drawbacks and hazards for mothers of current part-time (peripheral) employment practices. Within this context, discussion could centre on the desirability of formulating alternative solutions (such as parental sharing of reduced work schedules while preschool children are in the home; creating more satisfactory child-care support systems). Notable amongst these alternatives would be the feasibility of introducing increased job sharing arrangements.

Job Sharing

Job sharing, in which workers develop arrangements to share one full-time position, has long been presented as a solution to many of the problems of part-time work.[11] Yet this solution is not without flaws. Since job-sharers typically work out some or all of their job co-ordination on their own time, there is generally some measure of unpaid worktime away from the family.

Some jobs-sharers report that the work seems to expand beyond the confines of one position; they come to feel that they are meeting the demands of a position and a half or more. Finally, since one worker is usually required to fill in for the other during vacations and sick leave, there are periods (unlike much part-time work) where the worker is still required to manage a full-time work schedule.

Despite these limitations, job sharing clearly addresses many of the problems of part-time work (security and benefits, for example). Consequently, it is unfortunate that the dramatic increases in voluntary and, in particular, involuntary part-time work have not been matched by the increased creation of job sharing arrangements. As with the part-time solution, many workers simply do not have the option to share their job. Currently, only one-quarter of parents report the opportunity to job share.[12]

Once again, education is needed – education to promote job sharing amongst employers, employees and employee organizations and unions, particularly in traditionally male-dominated occupations and professions. The benefits of job sharing over part-time work (and over unemployment) need to be clearly outlined for all involved. These educational efforts need to go beyond general considerations to provide interested parties with specific examples of job sharing contracts, with access to personnel program software that minimizes increased record-keeping costs for employers and, finally, with specific examples of employers' and employees' job sharing experiences. Low-cost initiatives such as an information package aimed at employers and employees and a 1-800 number to respond to concerns would help to promote this grossly under-utilized employment alternative. When coupled with concrete incentives (such as tax advantages) for private and public employers, these efforts would encourage experimentation with new forms of work.

Flextime

The advantages to the employee and family of flexible time-scheduling arrangements are readily apparent. The worker can hope to reduce time away from home by reducing commuting times. He or she can ensure availability to children after school or, in some instances, during holidays. The worker has a greater sense of control over his or her working life and can make some accommodations between the demands of work and family. With minimal expense, the employer can hope to create happier and less stressed employees. Further, when workers are on-site from earlier than a standard workday till later than a standard workday, reception, inquiries and so forth are answered for a longer period and expensive equipment is in use longer.

Yet flextime provides only minimal assistance to the time pressures experienced by many family members. The reduction of commuting time, even by as much as a half-hour, is helpful but not pivotal. The ultimate issue of overload is not addressed, as the load is simply adjusted.

Flextime is a relatively minor alteration in work scheduling and, as such, does not eliminate the work and family conflicts that beset employees and impinge on the organization. However, as a workplace alteration, flextime has been extensively introduced and therefore might be employed as a part of an educational campaign on the desirability and feasibility of altering the traditional workday and workweek.

Compressed Workweek

Similarly, compressing the workweek (for example, from five 8-hour days to four 10-hour days), while beneficial to some, does not resolve the work overload issue for families with small children.[13] Rather, that overload is once again simply shifted. For example, the worker who completes his or her workweek in four days may find extremely intensified demands on his or her time and energy during that period. The following day off becomes an opportunity to recuperate rather than a dramatic increase in free time. The employee will benefit directly from, for example, reduced commuting time and expenses, and the family will likely benefit from the flexibility of that time off. However, both may lose out through the intensification of pressures (earlier start-off time, frantic mornings) on the other four days.

As with any alteration in the traditional work schedule, the employer may have to face difficulties in making effective use of space and equipment. Who will occupy the worker's desk, answer the phone, respond to clients, make use of equipment and so forth on the employee's day off or when the employee leaves the workplace early? While such problems are not insurmountable, they may necessitate additional costs in hiring and training part-time workers, in organizing intricate rescheduling of workers' time or both.[14] Job sharing would seem to offer a better solution for all involved.

The compressed workweek may be effective in certain circumstances, depending, for example, on the intensity and nature of the work and the competing demands on the employee's time. It should certainly be included as part of an educational package on workplace alternatives and warrants some incentives to employers as long as these incentives do not translate into the increased employment of casual and peripheral employees to fill the gaps in the workweek.

Family Leave Provisions

One of the narrow responses to juggling home and employment adopted by the state and the private sector has been to extend parental and maternity leave.[15] Employed parents, typically mothers, are assured of some paid leave from their employment when they give birth or adopt a baby. Further, they are assured (assuming they meet eligibility requirements) of employment with the same employer when they return to work. This approach has recently been elaborated upon with calls for family leave, in which workers are provided with paid or unpaid leave to respond to the needs of an ill or disabled family member. With the aging of the population, it is likely that there will be increasing demands for leave to attend to ailing senior family members.

There are numerous, obvious difficulties with this general approach. At present the length of maternity or parental leave and level of wage replacement is woefully inadequate (unless topped up through employer-employee contracts). Mothers who have difficult pregnancies or postpartum problems or whose babies require special care will not find 17-odd weeks of paid and unpaid leave sufficient. Typically, the employee is not assured of the same employment position when he or she returns to work. Part-time, casual and contract employees are usually excluded from leave provisions. Employers and fellow employees may put pressure on the worker to return to work, since mothers on leave are often not replaced.

Efforts to extend the amount of leave have not addressed the fundamental limitations of this approach. Recent parental leave legislation that allows one parent, usually the mother, to spend more time at home with an infant is limited in many ways.[16] Not only is it inaccessible to single-parent and low-income families who cannot afford the additional leave with its low level of income replacement, but parental and family leave have little impact on the traditional division of labour within households and to some extent tend to reinforce women's traditional caregiving roles. Since women's wages are usually lower than their partners', it is practical and inevitable that women rather than men extend their time away from employment. This, in turn, reaffirms employers' notions about women's level of commitment to their paid work.

Some of the limitations of family leave legislation (including parental and maternal) could be mitigated. Longer and stronger income supports would be fundamental and could be ensured at low cost to the employer by, for example, offering employees the opportunity to bank days before family leave. The gendered impact of leave policy could be curtailed by initiatives (such as the banking of family leave days) that would encourage males to take up the leave at a greater rate. Currently, couples may balk at taking leave that reduces the husband's (usually higher) income to two-thirds.

However, these efforts should be understood as stopgap. Current policy on family leave must not divert attention from the broader question of societal responsibilities for child-care and care for the elderly. Reformulated family leave legislation must be coupled with the gradual introduction of publicly and socially supported care for children and seniors to break the continuing bind of women's work and family responsibilities and to ease the burden of time-stressed families.

Telecommuting

Recent advances in technology have dramatically increased the possibilities of working for pay in the home.[17] The results have been promising but not entirely positive. Necessarily, the employee's work intrudes more into family life. Its omnipresence is more direct and visible. The employee may be subject to a more interrupted and fragmented workday as she or he tries to juggle work and family demands on the spot. The workday may then lengthen into the evening as efforts are made to catch up on lost or fragmented time. Parents and other family members may be called upon to play a more intermediary role to ensure that the worker has some uninterrupted worktime and that the workplace and its materials are not damaged. In brief, the family is no longer a refuge from the demands of work.

If the worker is employed full-time in the home, there may also be drawbacks in terms of loss of social and other important contacts in the workplace. The personal interaction benefits of work may be undermined or eliminated and the worker may find her or his employment more isolating and alienating than before. For example, the mother who enjoys getting out of the house would find that she is a paid employee with none of the benefits of expanding her social world. Clearly, this problem could be mitigated if, for example, the worker split her or his employment week between home and office.

Unless the family is very affluent, work at home will typically mean a reduction in family living space. Some area or room must be set aside to store office equipment and materials. For low-income families this additional space may be unavailable (and telecommuting is therefore not an option) or may be of extremely low quality, requiring the worker to toil in cold, drafty or poorly lit areas in the home. Further, the environmental quality of the home may be degraded owing to the presence of office pollutants or, in the case of industrial assembly, other toxic pollutants. In addition, this cost of space and related services – such as electricity and heating – which would otherwise be paid for by the employer, are usually picked up by the employee.

Finally, the home-based worker may find that there are considerable drawbacks in terms of employment opportunities or events. Less privy to office gossip, he or she may not learn of advancement opportunities or efforts to organize employees. As an invisible or less visible employee, he or she may be feel marginalized and not taken seriously by the employer.

For the employer, costs typically include the technological set-up that allows the worker to be employed at home. While this expenditure is the same in or out of the office, there are additional costs attached to the installation, repair and removal of the equipment at an employee's home. Further, the employer must rely on the employee to ensure the security not only of the equipment but of any information that may be stored with it.

This is clearly a burgeoning area in need of policy proposals. One option that warrants exploration and that responds to concerns about the work-family interface, the environmental quality of the home and telecommuting opportunities for low-income families would be the development of satellite offices. Support to employers to create such suburban and decentralized offices or assembly plants would meet many of the needs of both employees and employers – increased proximity to family, reduced office costs and reduced commuting costs – while avoiding many of the drawbacks of current telecommuting arrangements. Where employers and employees wish to pursue the traditional home-based telecommuting, other alternatives such as formal weekly or monthly meetings of telecommuting employees would ease some of the difficulties.

More generally and once again, employers, employees and unions would benefit from an education and information service that detailed in concrete terms the cost-benefit features of this work option and that emphasized the viability of a variety of flexible work-home options (such as modified telecommuting schedules combining office and home-based work). Again, such a service could be created and supported with a relatively low capital outlay while generating important socioeconomic benefits.

On-site Child-care

There has been increasing interest in recent years in on-site child-care – that is, centres located in places of employment.[16] Such facilities would provide employees with increased access to their children during the workday and would ease the pressure of picking up and delivering children to other locations. While attractive in some respects, on-site child-care warrants closer scrutiny.

Clearly, child-care in the workplace does not eliminate many of parents' concerns about child-care – the appropriateness and adequacy of the care, the skill of the caregivers and so on. Even with financial support from the employer (which is uncommon), parents still have to face the considerable expenses attached to child-care (on-site or elsewhere). Predictably, on-site child-care has tended to be identified with women's place of employment and consequently does little to erode gender inequities in child-care. In workplaces with environmental problems (dust, chemical odours and so on), the provision of on-site care is undesirable. Finally, the numerous people who work in smaller workplaces are generally precluded from this child-care alternative.

The current lack of on-site child-care testifies to the lack of enthusiasm for this option. Many employers, particularly in the private sector, do not see any incentive to provide on-site care. It is costly, takes up space that might have other uses, may have liability implications, may be criticized for distracting workers and is of benefit to only certain workers. Further, since most employers do not offer any child-care support, there is little pressure to move in this direction.

The need here is for policies that attempt to reconcile some of the benefits of on-site child-care with the realities of employment patterns. Educational efforts would help convince employers of the short-term and long-term benefits of responding to employees' child-care needs. Initiatives could include efforts by established child-care organizations (YMCA/YWCA) to encourage employers with sufficient numbers of employees to provide child-care support either through on-site care or through child-care benefits to employees. Where organizations or offices have a small number of employees, a centralized system, orchestrated by groups such as the YMCA in collaboration with employers, could identify child-care pools (groups of parents in need of child-care who work in close proximity to one another). In this instance, a satellite centre could be located in close proximity to several workplaces. Although the centre would not be in the workplace, it would be feasible for parents to have increased contact with children, for nursing mothers to attend to their children and for transportation pressures to be eased.

The Containment of Social Policy in the 1990s

This review of some of the outstanding "solutions" to the contradiction between paid work and family life reveals both the continued struggle to achieve some ease in combining the two and the persistent inadequacies of current initiatives. Not only are these solutions too often makeshift and inadequate (or even self-defeating) but they have been adopted and promoted in a haphazard and limited fashion. To understand this fundamental failure to reconcile family and work, it is crucial to examine the larger sociopolitical context of policy formulation in the 1990s and the problem of public policy paralysis. Even the basic notions of family must be questioned if meaningful change is to be achieved. It is within this context that the possibility of larger, more demanding policy changes must be addressed.

A number of writers have discussed the ways in which the state in Canada and elsewhere has embarked upon a platform of retrenchment that has had serious consequences for families.[19] Neoconservatism, the popularization of an individualistic ethic, the politics of retrenchment and profound economic pressures have resulted in numerous attacks on social programs. Various state officials holding diverse political perspectives have convinced many that the road to economic recovery begins with deficit reduction. Under this economic regime, social programs have been targeted for cost cutting.

Focusing on deficit reduction by highlighting social program costs has suggested to many people that women, minorities, immigrants and various disadvantaged groups rely more heavily than others on social services and are largely responsible for the mushrooming of government spending. These views have served to divide opinions over questions of rights and responsibilities, reviving old debates about welfare versus workfare and deserving versus undeserving recipients of service, and fuelling sentiments of racism, sexism and individualism. It is within this economically constrained and socially conflicted context that social policy is currently being formulated.

Along with the real hardships experienced by Canadians of all ages and backgrounds, cuts in social spending have most seriously harmed young and single-parent families struggling to meet the high costs of child-care with wages from low-paying and often insecure jobs. For many people who are recent immigrants or members of racial or ethnic minorities, the threat of economic insecurity is compounded by an often unwelcoming labour market and the prospect of marginalized jobs. Recent research indicates, for example, that immigrants as a group tend to occupy lower occupational rankings relative to their educational levels than other Canadians. The problem is exacerbated amongst certain visible minority populations. The official support for retrenchment at both concrete and ideological levels has forced many individuals – already disadvantaged by race, class or gender – so deeply into prolonged unemployment and poverty that recovery appears elusive and uncertain.

Toward Social Transformation

To truly challenge family and work conflicts, there is a need for substantive and transformative change, particularly around gender inequality. This need for change runs against a number of challenges within the current social context: prevailing values, including the tendency to privatize problems and overlook the value of community-oriented solutions; political and economic power structures, which operate to maintain the status quo and run counter to the principle of community-oriented problem-solving; and political priorities (retrenchment and deficit cutting).

Despite the current social structural context, the difficulty of challenging gender inequality and the magnitude of social change, there exists the possibility of social movement that acknowledges the enormous difficulties and does not collapse into despair about the possibilities of positive change. The process of change should begin by strengthening supports to families within their communities to ease work and family conflicts. The proposals below embrace the notion of family-oriented communities – that is, communities whose resources are mobilized to support and facilitate family life. Such communities would depend upon a dramatic reorganization of existing structures and resources.

Mobilizing Social Support for Families: A Role for Unions

While social policy has traditionally been viewed as the purview of governments, it is necessary and possible for other social formations – notably unions and other employee organizations – to take the initiative in promoting family-friendly social structures. While the union movement in other countries has been severely eroded, Canadian unions have been more successful in maintaining their significance in Canadian society. Their expansion into the burgeoning service sector suggests that they will continue to be an important player. Within the labour movement, women's caucuses have been underscoring the need for women leaders in order to establish the work and family bind of women as a central issue facing workers. These groups have made some significant gains in highlighting the importance of taking into account workers' roles as parents, as caretakers of elders, as spouses and as students.[20]

Over the past decade, economic restructuring and recessions and shifts in the international economy have significantly affected the labour movement. For example, heavy industrial and traditionally male-dominated unions (steel, auto), which once dominated the Canadian labour movement, have faced serious losses over the past 10 years. At the same time, women's membership in unions has steadily increased, and public service and governmental unions now overshadow private sector unions. These changes in the composition and outlook of the labour movement have brought to light a number of issues previously not considered to be within the bailiwick of unions.[21] These issues include employment equity, gender and racial equality, support for part-time and non-traditional forms of work, active involvement in retraining and job relocation, wife abuse and other family-related social problems, child-care, and community connections.

Union activities should revolve around employment creation and eliminating the vast differences in wages, benefits and working conditions between so-called good jobs and bad jobs. Attacking the high rates of unemployment and reorganizing part-time, contingent and marginalized jobs are deemed to be the only viable antipoverty and family security strategies; all other efforts fall short because of the shortage or quality of jobs.[22] (High unemployment maintains the low wages of unskilled service sector workers.) Extending efforts to unionize part-time workers is essential due to the permanency of part-time work within contemporary economies.[23] Reformation of the low-wage labour market would involve further efforts to eliminate all forms of discrimination, to strengthen pay and employment equity legislation, to provide legislated support for parents or caregivers[24] and to reform pension programs.

From Child-care to Community: Mobilizing and Focusing Existing Resources

For many (but not all) families, the key step in removing the barriers to women's full and equal participation in the paid labour force is to provide appropriate care for children. While the need for child-care was firmly established in the 1986 *Report of the Task Force on Child Care*, there has been minimal progress on this front.[25] Child-care continues to be the private problem of individual families, and the solutions rest largely on the shoulders of mothers and fathers who must contend on a daily basis with inadequate services, waiting lists, hours that do not fit their needs, different services or caregivers for their children of various ages, high costs, inadequate backup services for sickness or emergencies, the goodwill of relatives or friends and the unpredictability of some informal arrangements.

The complete reformation of child-care services would require not only a tremendous commitment of resources, but also a program of resocialization to accept the notion of community responsibility in what has traditionally been defined as a private sphere. The creation of a national system of child-care centres, even when publicly funded, does not resolve the issues of warehousing children and the protracted institutionalization of children.[26] Further, people who are childless may see themselves as unfairly taxed by a publicly supported system, while parents may question their own loss of control over the care of their children.

A viable alternative in the current social and economic context would be community-based child-care centres. Such centres could draw upon extant community resources, such as community centres and schools, along with existing volunteer and social service organizations in the community. Further, communities might assess the viability of a volunteer (parent-run), subsidized child drive program to transport children to day-care. Fund-raising activities might be directed toward purchasing minivans equipped with appropriate child restraints to ease the pressures parents face in having to drop off the children and report punctually to work. Having sole responsibility for driving the children daily militates against single parents, as well as low-income and rural women, who may be at a distance from the child-care centre. Clearly, as with existing school transportation, issues of liability and insurance would have to be worked through.

What is ultimately needed is the creation of a societal responsibility for children which distributes child-care more evenly throughout the community. Drawing upon other models of child rearing (evident from cross-cultural studies), it is possible and necessary to create a social context that welcomes and supports children and their parents. Some minor steps in this direction have been taken by after-school programs. The popularity of such programs (for example, Second Base) attests to considerable support for publicly based, school-centred care. These programs are generally reliable and eliminate the dilemma of the latchkey child. More importantly, such programs may point to the feasibility of defining educational institutions and their resources as community support centres for families.

Many social institutions, notably the education system, have grown willy-nilly in response to various socioeconomic pressures. It is possible to promote a more focused and goal-oriented strategy for institutional formations. For example, the education system could be mobilized as a centre for family-supportive community activities with relatively low costs. Existing personnel and physical resources could be utilized in a variety of ways – for example, in the evenings, adults could attend sessions in training and retraining while children and impaired elderly relatives are also cared for at the facility. There is some limited movement in this direction with the provision of on-site child-care for adolescents and adults who are students at school. Such approaches could be amplified enormously to provide training and retraining for adults in the community while responding to children's needs for child-care and activities.

Reinventing Education: The School as Community Base

The school should be redefined as a multifunctional community resource centre. This would contribute to the development of a child-positive community environment and would provide a central meeting place and focus for families. Given the capital expenditure on schools (property, buildings, equipment), this redefinition would effectively eliminate some duplication of public resources.

One of the main purposes in redefining the school is to create better fits between education and care for children and between education and work. Before-school and after-school programs could include various interest clubs, games and social events. Opening the schools would give community members access to such resources as computers, sports equipment and other community members with special knowledge, talents and skills to share.

One of the main goals here is to work toward a child-positive community environment. The first step may be to establish child play centres within schools, colleges and universities for short-term use by parents. Such centres would allow students who need to meet with counsellors, use library materials, register for courses and so on to drop their children off for a short period of time. Other students, under supervision, could develop their child-care skills by working with the children at the centre. This would be one step toward making educational institutions child- and parent-friendly.

More generally, the educational system is crucial to breaking down the barriers and levels of gender inequality by engaging in a vigorous campaign against gender constraints. Throughout the educational process, curricula should focus on the importance of establishing gender equity in the home, should encourage men to share leave for caring for elders and children, and should address family attitudes on gender equity. All women and girls should be instructed about the importance of economic independence, the inequalities of part-time and contingent work, and the drawbacks of taking time away from the paid labour force.

Gender education should be integrated within all curricula as early as possible, with special focus on parenting, communication, career or job planning, economic responsibility and self-esteem for women.

Training and retraining programs should focus on the viability of self-employment. This initiative must also be supported through tax incentives, low-cost training and free counselling. The intent is to shut down some of the underground economy (where exploitative working conditions predominate) while developing a wider tax base and legitimate, protected employment opportunities. Training could take place in the community-based schools with community members as teachers and featured speakers.

These educational efforts should be coupled with an expansion of traditional notions of education in the classroom. For example, as part of the community-based training efforts, there could be incentives for local employers to allow (under supervision and under the co-ordination of the educational system) some job testing and job switching. In other words, there should be some provision for people to locate their interests and to learn first-hand what a particular form of employment entails. This would not only enhance job satisfaction but would also eliminate the exclusive character of many jobs.

Breaking Barriers and Mobilizing the Marginalized

Establishing a community-focused system would help to break down barriers amongst a number of discrete groups within the population: young people, the elderly, the disabled and those who are marginally integrated within the current structures. We should work to integrate these populations (which are often identified as high risk, as contributing to the crises or as escalating the drain on the public purse) into active problem-solving. This would necessitate reconceptualizing the social services as multidirectional participatory programs and centres rather than as unidirectional service providers.

Communities and the state should develop resources for sick children and for children up to age 14 during times away from school. Currently, children in child-care and in school who become temporarily ill are typically cared for by parents taking leave from work. Alternative at-home care for sick children and for children on days that schools are closed has been initiated in a very small number of communities and now needs expansion to meet parents' needs. All programs centred around caring for dependent family members (children, elderly, the disabled) need to integrate elders and other volunteers. The purpose here is to connect services to mutual advantage (lonely, isolated or marginally integrated persons brought into the mainstream of the community through caring or other community-focused work).

In particular, community resources should be developed to support young families, single-parent families and single elders (currently labelled as high-risk populations). Such programs may operate somewhat like Big Brothers or Big Sisters associations, providing an emotional and social support network.

In our efforts to help young families and to ease the work and family conflicts they experience so acutely, it is essential to concentrate also on the isolation of seniors by developing a seniors' mobilization campaign. By networking through the pension program (Canada/Quebec Pension Plan), it may be possible to offer minimal employment or mentoring programs within or outside the home with some small monetary incentive to draw out the skills and experiences developed over their lifetimes.

Creating a more supportive family-oriented social environment would lift some of the weight of family work from the shoulders of women, generate greater opportunities for equality in the workplace and in the home, and establish the basis for a greater degree of personal fulfilment.

Endnotes

[1] J. Bernard, *The Female World* (New York: The Free Press, 1981), 3.

[2] R. Logan and J.-A. Belliveau, "Working Mothers", *Canadian Social Trends*, 36 (Spring 1995): 24–28.

[3] J. Frederick, "Tempus Fugit: Are You Time Crunched?", *Canadian Social Trends*, 31 (Winter 1993): 6–9.

[4] J. Che-Alford et al. in collaboration with Statistics Canada, *Families in Canada* (Scarborough: Prentice-Hall, 1994).

[5] See, for example, Y. Kamo, "Division of Household Work in the United States and Japan", *Journal of Family Issues*, 15, 3 (September 1994): 348–378; K. Marshall, "Balancing Work and Family Responsibilities", *Perspectives on Labour and Income*, 6, 1 (Spring 1994): 26–30; and N. Pupo, "Always Working, Never Done: The Expansion of the Double Day", in *Good Jobs, Bad Jobs, No Jobs*, edited by A. Duffy, D. Glenday and N. Pupo (Toronto: Harcourt, Brace, forthcoming).

[6] Logan and Belliveau, "Working Mothers", 28.

[7] Part-time work has been the most common solution adopted by mothers. Reduced worktime commitments imply more time for family work and personal enjoyment while still contributing directly to the economic demands of the family. See A. Duffy and N. Pupo, *Part-time Paradox: Connecting Gender, Work and Family* (Toronto: McClelland & Stewart, 1992), 109–137. Employers benefit by gaining access to a group of workers who might otherwise be unavailable (students, housewives, retirees). Such workers may be brought in to cope with intense periods of work demands while not standing idle when no longer needed. Reduced employment costs along with the advantage of few if any benefit costs have made part-time employees very attractive to a wide variety of public and private organizations. Workforce reduction and meeting only the actual demands for services has allowed a greater organizational rationalization and cost-saving. Increased costs in terms of record-keeping and scheduling have, apparently, been more than offset by reduced employment costs. Further, any loss of control over the employee in terms of reduced employee loyalty and reliability has been mitigated by the seemingly endless supply of women and men willing to accept part-time employment in the midst of prolonged high rates of unemployment. Also, computer-based technologies have decreased the costs associated with record-keeping and so on and have reduced employer investment in training and retraining employees.

[8] P. Best, "Women, Men and Work", *Canadian Social Trends*, 36, (Spring 1995): 30–33.

[9] H. Pold, "Jobs! Jobs! Jobs!", *Perspectives on Labour and Income*, catalogue 75-001E, 6, 3 (Autumn 1994): 14–17.

[10] Pold, "Jobs! Jobs! Jobs!".

[11] In job sharing arrangements the employee and family benefit from a reduced paid workload and therefore less stress on family life. Further, the employee benefits by maintaining a more permanent, rewarding and possibly challenging and interesting location in paid employment. The employer benefits from more relaxed, less stressed and more productive and healthy employees. Unemployed skilled workers become available to the employer. With few job sharing arrangements available, these employees may be extremely loyal to the organization. Reduced training costs may benefit the employer if one of the job sharers takes another job: The remaining worker may either fill the position herself or himself or provide training to the new job sharing partner. In the short-term, vacation and sick time become much less problematic for the employer, since job sharers typically cover for one another during these times.

[12] Logan and Belliveau, "Working Mothers", 28.

[13] The availability of an additional work-free day a week has important implications for family life. Medical and other appointments can be more easily scheduled. There is more time to attend to the social and personal needs of the extended family, especially aging parents. Professional development days at school no longer have to be accommodated by makeshift child-care or taking sick time off work. Commuting time and strain is reduced. Once again, the organization benefits from employees who are happier, less stressed and who feel more in control of their lives, and the employees may respond with increased loyalty. There may be additional benefits with extended hours of service to the public and increased utilization of high-cost machinery throughout the workday. An employer might also experience increased worker productivity with uninterrupted work hours early in the morning or late in the afternoon.

[14] See V. Shalla, "Whatever Happened to Nine-To-Five Jobs?", paper presented at the Canadian Sociological Association Meetings, Calgary, 12 June 1994.

[15] Recent calls for family leave (maternity, adoptive and parental) have sought to extend this solution to other family crises, such as an ailing child or dependent senior. Depending upon specific employee-employer contracts, family leave may be paid or unpaid and may encompass short or long periods. Family leave permits the employee to respond to the needs of a sick child or ailing parent without using up their own sick leave benefits. Not only does this provision reduce stress on the employee, it increases the likelihood that employees will not feel compelled to work while they are ill. It is clearly not in the employer's interests to have either a sick employee or an employee distracted by family illness in the workplace. Further, it allows the employer to retain a skilled or experienced employee who might otherwise feel compelled to terminate employment to respond to longer term family health problems.

[16] P. Evans and N. Pupo, "Parental Leave: Assessing Women's Interests", *Canadian Journal of Women and the Law*, 6, 2 (1993): 402–418.

[17] Since the average Canadian worker spends 59 minutes each day commuting to and from work, there is a clear time saving for the family when an employee works out of the home. The parent has an additional hour to spend with children or with family-related responsibilities. Also, parents are more immediately available to the family in the event of minor emergency, need for assistance or illness. Family time and worktime become more flexible and negotiable depending on circumstances and needs rather than an arbitrary rigid schedule. The result, particularly with school-aged children, is reduced child-care costs. The parent's work becomes more of a reality to the children, and children may benefit from a better understanding of the nature and content of their parent's employment activities. Another benefit is the reduced office or professional clothing costs. Finally, the employee may benefit from a more positive and healthy work environment. A whole range of workplace issues – including health and safety concerns, office air pollution and sexual harassment – may be reduced or eliminated. Anecdotal evidence suggests that employees who are offered these alternatives are generally very appreciative and work longer hours to ensure their continued high productivity. A recent union study found that people working at home worked on average an additional 2 hours a day. It is reasonable to assume employee loyalty would also be enhanced.

[18] Time is saved taking children to child-care centres and some time can be spent together in the commute to work. At work, the employee has easier and increased access to his or her children and their caregivers. Overall, this typically would constitute more time with children. The employee benefits by reducing the worry so often experienced by parents who spend much of their day away from their children. The children's view of their parent's work is demystified; they see the work and, possibly the co-workers, and feel somewhat more integrated into their parent's world. The organization, once again, benefits from more relaxed and focused employees. Where workers might have had to spend time on the phone ensuring their children are alright or determining whether or not a child is sick and needs to be taken home, they now can more easily and quickly check for themselves and, once reassured, return to their work without preoccupation. Less stress and greater worker loyalty translates into benefits to the organization in terms of reduced employee turnover and fewer hiring and retraining costs.

[19] A. Armitage, *Social Welfare in Canada: Ideals, Realities, and Future Paths*, 2nd ed. (Toronto: McClelland & Stewart, 1988); P. Evans, "Eroding Canadian Social Welfare: The Mulroney Legacy, 1984–1993", *Social Policy & Administration*, 28, 2 (June 1994): 107–119; S. McDaniel, "Where the Contradictions Meet: Women and Family Security in Canada in the 1990s", in National Forum on Family Security, *Family Security in Insecure Times*, *Vol. I*, (Ottawa: Canadian Council on Social Development, 1993), 163–180; L. McQuaig, *The Wealthy Banker's Wife* (Toronto: Penguin Books, 1993); R. Mishra, *The Welfare State in Capitalist Society* (Toronto: University of Toronto Press, 1990).

[20] See J. White, *Sisters and Solidarity: Women and Unions in Canada* (Toronto: Thompson Educational Publishing, 1993).

[21] N. Pupo and J. White, "Union Leaders and the Economic Crisis: Responses to Restructuring", *Relations Industrielles/Industrial Relations*, 49, 4 (1994): 821–845.

[22] R.M. Spalter-Roth and H.I. Hartmann, "AFDC Recipients as Care-givers and Workers: a Feminist Approach to Income Security Policy for American Women", *Social Politics: International Studies in Gender, State & Society*, 1, 2 (Summer 1994): 190–210.

[23] Duffy and Pupo, *Part-time Paradox*.

[24] Spalter-Roth and Hartmann, "AFDC Recipients".

[25] K. Cooke, *Report of the Task Force on Child Care* (Ottawa: Status of Women Canada, 1986); Logan and Belliveau, "Working Mothers", 28.

[26] P. Leach, *Children First* (New York: Alfred A. Knopf, 1994).

2

Working Less and Enjoying It More

by Frank Reid

The distribution of work is a topic of increasing importance to Canadians as a result of two important trends: unemployment has become a more serious problem over the last decade, and, among people with jobs, hours of work have become more polarized. A striking paradox exists: At a time when over a million Canadians are unable to find a job, many of those employed would gladly reduce their hours of work, either completely voluntarily or with an inducement through a reallocation of existing unemployment insurance (UI) expenditures. The thrust of the policies advocated here is to create jobs for the unemployed by accommodating the preference of employees who voluntarily wish to reduce their hours of work, to the mutual advantage of both groups.

Stress related to work and financial matters is one of the main causes of a widespread sense of insecurity among Canadian families.[1] A redistribution of work has been suggested as a promising policy initiative to address this insecurity. In fact, in 1994 the federal Minister of Human Resources Development established a nine-member advisory group (chaired by Arthur Donner and with members reflecting the perspectives of business, labour, academia and community organizations) to explore the issues of worktime and the work distribution. The advisory group's first recommendation was that the redistribution and reduction of working time should become a public policy priority.[2]

Work sharing can encompass a wide range of policies. One well-established policy is the federal government's existing work-sharing program with short-time compensation, in which UI benefits are paid to employees who temporarily work a reduced workweek to avoid layoff. Additional policies include a reduction in the standard workweek, restrictions on overtime work, early retirement, longer vacations, educational leave, sabbatical leave and voluntary job sharing.

Work sharing has the potential to help both those who are stressed from the excessive demands of coping with long hours and family responsibilities, and those whose stress results from unemployment or underemployment.[3] Work-sharing programs have the further important advantage that they generally do not require additional expenditures by government, an important consideration given the virtual consensus that fiscal constraints have essentially eliminated the prospect of using macroeconomic fiscal stimulus to increase the number of full-time jobs.

Work-sharing policies have been implemented in Western European countries with mixed results. Short-time compensation schemes are well established in several countries, with the program in the Federal Republic of Germany probably the best known and most successful.[4] A recent review of the international evidence on the impact on employment of several work-sharing programs – including a legislated reduction in the standard workweek, restrictions on overtime work and employer subsidies to encourage job splitting – shows a diversity of effects depending on the methodology and country.[5] Another study of working time issues in 14 industrial countries sponsored by the International Labour Organization concludes that although work-sharing initiatives remain important in Western Europe, increasing importance is being placed on making working time flexible, particularly in countries that, unlike Canada, have a highly centralized industrial relations system.[6]

This chapter advocates two complementary policies to share work. The first is the implementation of an employee *entitlement* to voluntary job sharing. I first proposed this innovative policy in 1986,[7] but it has not, to the best of my knowledge, been implemented in any jurisdiction. The second policy advocated is the modification and expansion of the federal government's existing work-sharing program.

The reason for the focus on these two policies is that alternative work-sharing policies, such as a reduction in the standard workweek and a restriction on overtime work, impose constraints that are generally contrary to the wishes of both employers and the majority of employees. Imposing a legislative requirement that is supported by neither management nor labour is likely to result in severe compliance problems and greatly reduce the effectiveness of the policy.[8] The modified short-term compensation work-sharing program and the policy of an entitlement to job sharing have the advantage of being voluntary, or at least supported by one of the parties in the employment relationship. It seems sensible to try them first, particularly since they both show considerable promise.

Creating Jobs Through Voluntary Work Reductions

The standard workweek probably reflects the preferences of the majority of employees, but there will be a minority, perhaps a sizable minority, who want to work fewer hours with a proportionate reduction in income. It is paradoxical that, while the unemployed are suffering from lack of work, many employees are working more hours than they desire. The policy proposed here is to amend employment standards legislation to give employees, at least in times of high unemployment, an entitlement to voluntary job sharing, that is, the right to reduce their worktime with a proportionate reduction in income.

The approach in this section is to explore the extent of the desire of Canadian employees to reduce their worktime, and then to make an estimate of the number of jobs that might be created by an entitlement to voluntary job sharing. The estimate is then modified to take account of various complications that might prevent potential jobs from being translated into increased employment, such as increased benefit costs, a lack of applicants with appropriate skills and an induced rise in productivity.

Employee Preferences for Worktime Reductions

Comprehensive data on employee attitudes to a reduction in their worktime are available from Statistics Canada's Survey on Work Reduction (conducted as a June 1985 supplement to the monthly Labour Force Survey, the source of the official unemployment statistics). Although the Work Reduction Survey is now somewhat dated, it remains the best available source of evidence on the topic due to its large sample size (15,830 employees) and excellent design. The survey design provides weights that allow the results to be extrapolated to the Canadian labour force, controlling for non-response, urban-rural status and demographic factors.

It is not clear if preferences would be different from those expressed in the 1985 Survey on Work Reduction if a more recent survey were conducted. On the one hand, the increased polarization in hours of work might imply that there are more employees working long hours who might like to reduce their hours. On the other hand, an increased level of insecurity might make employees reluctant to work fewer hours if they believed it reduced their job security. I endorse the recommendation of the Donner advisory group that Statistics Canada should periodically update this survey.[9]

Employees in the survey were asked, "In the next two years, would you take a pay cut if you received more time off in return? ... Remember, for every hour less you work you would lose one hour's pay." Employees were also asked whether they would give up all or part of a potential pay increase to obtain more time off.

Overall, 31% of employees indicated a desire for reduced worktime. Descriptive statistics from the survey data[10] indicated that the most important reasons for employees wanting to work fewer hours were a desire to pursue leisure interests (sports, education, travel and hobbies), family and other responsibilities, and work pressures. The essential idea of the policy proposed here is that if employees who want to work less were permitted to do so, employers would hire new employees to replace the reduction in hours, thus reducing the number of persons unemployed.

Employees who indicated a desire for a work reduction were also asked the amount of work reduction they would prefer in several different formats. The data in Tables 1 to 4 indicate the extent of preference for fewer days per week, fewer hours per day, fewer weeks per year or a self-funded sabbatical. The tables also indicate the potential number of jobs that could be created if the reduction in worktime was translated into increased employment and extrapolated to the Canadian labour force.[11] A summary table is then presented combining the four formats, and the estimates are adjusted to reflect various difficulties with translating potential new jobs into actual new hires.

Employee preferences for a reduced workweek are shown in Table 1. For example, the second row of the table indicates that 1,171,000 employees (equivalent to 12.2% of the 9,617,924 paid employees in Canada in the survey month) wanted to reduce their workweek by one day per week (equivalent to a 20% reduction in worktime, based on a five-day week). The fifth column of Table 1 translates this result into a potential increase of 234,200 full-time jobs (by multiplying the percentage work reduction by the number of employees selecting that reduction). The final column indicates that this potential increase in full-time jobs is equivalent to a 2.4% increase in total employment. (Alternatively, the absolute numbers can be bypassed: if 12.2% of employees want to reduce their worktime by 20%, the percentage increase in jobs is simply equal to the product: 0.20 x 12.2% = 2.4%). Summing the impacts from the various reductions in the workweek, the bottom row of Table 1 indicates that 19.8% of employees would like to work fewer days per week, potentially creating 370,900 full-time jobs, which is equivalent to a 3.9% increase in employment.

Table 1. Job Creation Potential for Canada: Reduced Workweek

Reduction in workweek	Reduction in worktime (%)	Employees selecting option (no.)	Employees selecting option (%)	Full-time jobs created (potential)	Full-time jobs created (%)
0.5 day/week	10	448,900	4.7	44,900	0.5
1 day/week	20	1,171,000	12.2	234,200	2.4
1.5 days/week	30	63,600	0.7	18,900	0.2
2 days/week	40	145,600	1.5	58,200	0.6
Over 2 days/week	50	29,300	0.3	14,700	0.2
Amount not stated	—	38,000	0.4	—	—
Totals	19.7	1,896,500	19.8	370,900	3.9

Table 2. Job Creation Potential for Canada: Reduced Workday

Reduction in workday	Reduction in worktime (%)	Employees selecting option (no.)	Employees selecting option (%)	Full-time jobs created (potential)	Full-time jobs created (%)
0.5 hrs/day	6.3	342,100	3.6	21,600	0.2
1–1.5 hrs/day	15.6	471,800	4.9	73,600	0.8
2–2.5 hrs/day	28.1	171,300	1.8	48,100	0.5
3–3.5 hrs/day	40.6	38,800	0.4	15,800	0.2
4–4+ hrs/day	50.0	30,700	0.3	15,400	0.2
Amount not stated	—	24,700	0.3	—	—
Totals	15.9	1,079,400	11.3	174,500	1.8

The data in Table 2 indicate that 11.3% of employees expressed a preference for a reduced workday. Using the same methodology as for Table 1, these preferences translate into 174,500 new full-time jobs, equivalent to a 1.8% increase in employment. A reduction of 1 to 1.5 hours per day was the most popular option, chosen by about 5% of employees.

The data in Table 3 show that 21.8% of employees would like an *unpaid* increase in their annual vacation. This translates into a potential increase of 118,400 full-time jobs, equivalent to a 1.2% increase in employment. The most popular option was an increase of one or two weeks unpaid vacation per year.

In Canada, a self-funded sabbatical leave is associated mainly with the teaching profession, where the idea is often called a "four-over-five" plan. The concept is that the employee works four years at 80% of normal salary and then has a fifth year off at 80% salary, in effect spreading four years salary over five years. Although not yet common in Canada, Table 4 shows that 16% of employees indicated a preference for various self-funded leaves, ranging from a leave of under two months to a leave of a year or more. The time horizon over which employees wished to take a self-funded leave ranged from 1 year to over 7 years, and the average horizon of 3.3 years was used in calculating the percentage worktime reduction. Preferences for self-funded sabbaticals translated into an increase of 133,200 full-time jobs, which is equivalent to a 1.4% increase in employment.

Table 3. Job Creation Potential for Canada: Increased Unpaid Annual Vacation

Increase in unpaid annual vacation	Reduction in worktime (%)	Employees selecting option (no.)	Employees selecting option (%)	Full-time jobs created (potential)	Full-time jobs created (%)
1 week/year	1.9	626,100	6.5	11,900	0.1
2 weeks/year	3.8	681,100	7.1	25,900	0.3
3 weeks/year	5.8	227,400	2.4	13,200	0.1
1 month/year	8.3	377,700	3.9	21,300	0.3
2–3 months/year	20.8	120,000	1.2	25,000	0.3
4–5 months/year	37.5	18,300	0.2	6,900	0.1
6–6+ months/year	50.0	8,400	0.1	4,200	0.0
Amount not stated	—	37,100	0.4	—	—
Totals	5.5	2,096,000	21.8	118,400	1.2

The job creation potentials of these four voluntary work reduction policies are summarized in Table 5. Simply totalling the impact of the four work reduction options, as is done in the bottom row of the table, probably overstates the potential impact. A simple sum implicitly assumes that when an employee indicated a preference for more than one option, he or she wants to do both, but it is quite possible that the employee would like to do one or the other, not both simultaneously. In view of this limitation, it can be said that the approximate range of the potential increase in jobs from a work reduction policy is from 4% (if just the reduced workweek option were implemented) to an upper limit of 8% for all four options combined.

Table 4. Job Creation Potential for Canada: Self-funded Sabbaticals

Length of self-funded sabbatical	Reduction in worktime (%)	Employees selecting option (no.)	Employees selecting option (%)	Full-time jobs created (potential)	Full-time jobs created (%)
2 months or less	2.5	919,000	9.6	23,000	0.2
3–6 months	11.3	321,400	3.3	36,300	0.4
7–11 months	22.5	48,30	0.5	10,900	0.1
1 year or more	30.0	210,100	2.2	63,000	0.7
Amount not stated	—	35,600	0.4	—	—
Totals	8.8	1,534,400	16.0	133,200	1.4

Table 5. Job Creation Potential for Canada: Summary of Work Reduction Options

Option	Reduction in worktime (%)	Employees selecting option (no.)	Employees selecting option (%)	Full-time jobs created (potential)	Full-time jobs created (%)
Reduced workweek	19.7	1,896,500	19.8	370,900	3.9
Reduced workday	15.9	1,079,400	11.3	174,500	1.8
Increased annual vacation	5.5	2,096,000	21.8	118,400	1.2
Self-funded sabbatical	8.8	1,534,400	16.0	133,200	1.4
One or more options	—	2,953,500	30.7	—	8.3

Translating the Potential Employment Increase into Actual Jobs

For numerous reasons, the actual number of jobs created by a voluntary work reduction policy could differ from the potential indicated by the survey data. When confronted by an actual choice, fewer (or more) employees might elect the reduction than answered the hypothetical question. Furthermore, the actual change in employment could differ from that indicated by the simple translation of reduced hours into potential increased employment because a voluntary job sharing policy might affect both labour costs and productivity.

Unit labour costs (in dollars per unit) are equal to labour costs (dollars per employee) divided by productivity (units per employee). A rise in unit labour costs could lead to a reduction in demand for total hours of labour due to both a drop in sales, as a result of higher costs, and a substitution of capital for labour. Conversely, a drop in unit labour costs could lead to an increase in sales and employment. The net impact on unit labour costs is likely to be minimal, however, since there are likely to be productivity increases that offset or more than offset any labour cost increases.

In principle, the employer with job sharing is paying for (approximately) the same total hours of labour – for example, the employer ends up with two half-time employees instead of one full-time employee. Even if the total hours of labour are the same, however, labour costs may be increased because of the costs of hiring and training a new employee. In addition, total fringe benefit costs may rise because some benefit costs are a fixed amount per employee and cannot be prorated according to hours worked. On the other hand, since the UI system is funded primarily through employer and employee contributions, the reduction in the number of persons drawing UI benefits should result in a reduction (or a smaller increase) in both employer and employee UI contributions.

Job sharing could bring increased productivity for two reasons. First, studies have shown that job sharing employees tend to have higher productivity than full-time employees because of such factors as less fatigue, reduced absenteeism and lower turnover. Second, there may be some slack in staffing levels, particularly due to "labour hoarding" in recessions; that is, that the available work could be done with fewer hours of labour, and the employer might not need to replace all of the reduction in labour hours.

A review of the European empirical evidence on worktime reductions suggested that for relatively large work reductions (10% or more), only about half of the reduction in hours was translated into increased employment; that is, a 10% work reduction induced a productivity increase of 5%.[12] For smaller work reductions (5% or less), the impact of slack was relatively more important – only about 20% of the work reduction was translated into increased employment and the balance was an induced productivity increase.

The Donner advisory group came to a similar conclusion after consultations with representatives from European countries about their mandated reductions in working time and consultations with Canadian firms about their experience with shorter workweeks. "A rough estimate is that about half of a reduction in hours might result in increased employment, with the balance reflected in higher productivity."[13]

The higher productivity of job sharing employees is a double-edged sword. Although it tends to reduce labour costs, it also means that the number of jobs created by the voluntary job sharing policy would be less than the potential number calculated from the survey data.

The number of new jobs created may also be less than the calculated potential if, rather than hiring new employees, the employer responds by increasing the hours worked by existing part-time employees or even by increasing the amount of overtime worked by full-time employees.[14] On the other hand, the calculated potential is in full-time equivalents, and if some of the new hires are part-time, the increase in employment will tend to be greater than calculated.

The rise in employment may also be less than calculated if there is a mismatch between the skills possessed by the unemployed and the skill requirements of the jobs created. However, the jobs created are likely to span a broad range of occupations. Looking at 18 broad occupational groups, interest in reduced worktime ranges from a low of 22% of employees in transportation to a high of 46% in natural science occupations.[15]

On the basis of the evidence reviewed, and following the procedure of the Donner advisory group, it is assumed here that half the potential jobs are converted into actual jobs. Even under this assumption, the impact of a voluntary job sharing entitlement would be substantial – an increase in employment of 2% to 4%. This is a dramatic increase, given that even an economic boom is likely to reduce unemployment by 3% or 4% from its level in a recession. In absolute terms, a 2% increase in employment for the Canadian labour force is equivalent to an increase of almost one-quarter million jobs.

Comparison with the Recommendations of the Donner Advisory Group

The proposal here for an entitlement to voluntary job sharing is very much within the spirit of the Donner advisory group's recommendation for a dialogue on policy initiatives for the reduction and redistribution of working time. The group presents a macroeconomic simulation of the impacts of a 10% reduction in working time, assuming half the hours reduced are taken up by a productivity increase. The simulations show that, after a five-year phase-in period, the unemployment rate is reduced by 4%, real wages rise by 5% (reflecting the rise in productivity) and there are no impacts on real gross domestic product, inflation or the exchange rate of the Canadian dollar. The group concludes, "The key point is that it is possible to reduce the unemployment rate significantly without affecting Canada's inflation rate or international competitiveness." [16]

Although the Donner advisory group clearly finds the prospect of a 10% reduction in worktime very attractive, their recommendations for legislation to reduce working time are quite modest. They recommend an entitlement in employment standards legislation for unpaid leave for two specific purposes: five days of unpaid family leave per year linked to the care and health of immediate family members, and an unpaid education and training leave (of unspecified duration) linked to the employee's length of service with the organization.[17]

The Donner advisory group also recommends that employment standards legislation specify a standard workweek no longer than 40 hours and specify that an employee has the right to refuse overtime after 40 hours. Furthermore, they propose that overtime in excess of 100 hours of overtime annually per employee be compensated by time off (in lieu of overtime pay) and that legislation be broadened to include salaried workers. Their other recommendations mainly focus on voluntary consideration of proposals for worktime reduction by the parties involved and calls for information and debate on worktime issues.

Although I fully support the modest recommendations made by the Donner advisory group, my view is that a stronger policy response is appropriate given the advisory group's acknowledgement that "Canada is facing a major unemployment crisis."[18] It is also clear that the employment relationship is producing a high level of stress for Canadian families: "If one factor unites the unemployed, the fully employed, and those who usually work long hours ('the over-employed') it is stress." [19]

In contrast to the advisory group's recommendations for an entitlement to unpaid leave only for family and educational reasons, the proposal here goes substantially further by advocating an unrestricted employee entitlement to voluntary job sharing.

The Benefits of an Entitlement to Voluntary Job Sharing

From an employee perspective, the proposal for an entitlement to voluntary job sharing is a win-win policy. Suppose, for example, that two full-time employees elect to work half-time and share one job (with benefits prorated according to hours worked) and the employer hires a new full-time employee to fill the job vacancy that is created. The unemployed person who is hired obviously benefits from obtaining a job. The two employees who elect to job share also benefit because their voluntary election of the option means that the benefit of increased time to pursue other activities is worth more to them than the reduction in their income.

From the employer perspective, if job sharing occurs throughout the economy, then all employers benefit from a reduction in UI contributions. But if one employer alone makes the decision to implement job sharing, most of the gain in terms of reduced UI contributions will accrue to other employers. In economic terms, there is an "externality", which means that individual employers acting alone will not have an incentive to implement a policy that will benefit them collectively, making collective action through legislation both efficient and cost effective. It is this UI argument that explains why this policy should be legislated rather than left to the discretion of individual employers and employees.

To ensure that the policy is of benefit not just to employers in general but to the specific employers whose employees elect voluntary job sharing, some of the benefits of the reduction in UI and welfare benefits could be used to compensate employers for any increase in hiring and training costs and ongoing fringe benefit costs. For example, employer payroll taxes (UI, Canada Pension Plan and Workers' Compensation) could be waived for employees who elect voluntary job sharing. This would help to gain employer support and encouragement for the initiative, and the government would still experience a fiscal saving because the loss of payroll taxes for the job sharing employees would be much less than the cost of supporting an unemployed person on UI or social assistance.

Best of all, this policy is very attractive from the viewpoint of government fiscal restraint. One-quarter million jobs could be created without any increase in direct expenditure on the part of the government. It is a reasonable and fiscally responsible policy initiative that has the potential to substantially increase the economic security of Canadian families.

Making Work Sharing Work

The main problem with work sharing is its low rate of utilization resulting from various design restrictions. In my view, these restrictions stem from a concern that the work-sharing program is more costly than the conventional UI program. Modifications to the design of the program are proposed here to make the work-sharing program cost-neutral compared to the layoff alternative and to remove the restrictions on the use of the program.

Description and Rationale of the Work-sharing Program

The essence of the work-sharing program is that if, for example, an employer needs 20% fewer hours of labour, rather than laying off 20% of the employees, the workweek of the whole group would be reduced from five days per week to four days. The employees would receive UI benefits as short-time compensation (STC) on the days they are not working.

In Canada, a work-sharing program in effect since 1982 has allowed for the use of UI benefits in this way as a so-called developmental use of UI. A special program was required because under the provisions of the conventional UI program, an employee who worked four days a week would generate earnings that would make her or him ineligible for UI benefits. In absolute numbers, the usage of the work-sharing program has been substantial – for example, in the recession year of 1991, about 11,000 work-sharing agreements were implemented involving almost 200,000 employees and averting about 60,000 layoffs.[20] Usage was at a similar level during the recession year of 1982 (the first year of operation), but during the boom years of the late 1980s, usage was less than 20% of this level.

The work-sharing program is aimed mainly at temporary layoffs, but from its inception it could also be used as a transitional program to facilitate the movement to a permanently smaller workforce. During the transition period, employees would be on a reduced workweek and the workforce would shrink through normal attrition. As a result, by the end of the program, a smaller number of employees would need to be laid off; if attrition was sufficient, layoffs might be avoided altogether. This feature of the program was not extensively used, however, and was terminated in the 1980s.

The thrust of the work-sharing program is a *redistribution* of given amounts of work, UI benefits and leisure. Although the program does not solve the unemployment problem by creating more work, its distributional effects can be crucial in alleviating the impact of unemployment. The rest of this section briefly compares the impacts of layoffs and work sharing from the viewpoints of labour, management, government and society as a whole. Empirical evidence is drawn from two extensive evaluations of the program by Employment and Immigration Canada in 1984 and 1993.[21] The latter was based on a sample of 1,080 firms, 620 of which had participated in work sharing and 460 of which had not used work sharing but had experienced a similar drop in demand for labour.

First, however, several design features of the Canadian work-sharing program are worth noting: Work-sharing agreements are limited to a duration of nine months (26 weeks with a possible extension of 12 weeks). The enterprise must have been operating for at least two years, the work reduction must not be seasonal, and employees on STC must qualify under the normal UI criteria. Participation in the program requires a joint application by the employer and the employees, with the consent of the union if the workplace is unionized and the consent of a clear majority of the employees if it is nonunion. The usual two-week waiting period to draw benefits is waived, presumably to gain the support of the senior employees who were not threatened with a layoff. Finally, in what I refer to as the double-dipping provision, if the work reduction persists beyond the duration of the work-sharing agreement and if layoffs occur, laid-off employees are eligible for conventional UI benefits with no reduction in eligibility for benefits (except that earnings may be lower as a result of participation in the work-sharing program). Although some of these detailed features are important for the assessment of this particular program, they are generally not inherent to the basic concept of work sharing.

Impacts on Employees

Consider the impact on the income and leisure of an employee working four days per week and receiving STC benefits worth about 50% of earnings on the fifth day. The employee receives 80% (4 days at 20%) of his or her normal weekly income for the 4 days worked, plus UI benefits worth 10% (0.5 of 20%) for the fifth day, for a total of 90% of her or his normal weekly income. Most importantly, the employee also receives an extra day of leisure each week.

These calculations are only approximate because of two offsetting factors. On the one hand, income would tend to be slightly higher than indicated because the STC benefit rate is currently somewhat more than 50% of earnings (generally 55%). On the other hand, because there is a ceiling on earnings subject to UI contributions and benefits, the STC payments would tend to be a slightly lower percentage of earnings if employees have earnings above the ceiling level. Furthermore, because of the progressive tax system, if nominal income under work sharing was 90% of normal income, after-tax income under work sharing would likely be 92% or 93% of the employee's normal after-tax income, depending on the employee's tax bracket.[22] This occurs because a relatively high percentage of the income lost by work sharing would have been lost to income tax in any event.

At an intuitive level, it might seem that many employees, even those not threatened with layoff, might welcome the prospect of a full-day reduction in work with only a half-day reduction in pay. More formally, in economic terms, if the typical employee was satisfied with his or her hours before the program, then she or he should *prefer* the subsidized increase in leisure time, in spite of the small reduction in income. Of course, not all employees would favour the work-sharing alternative – some might be on such tight budgets that a small reduction in income would be unacceptable, even if accompanied by a substantial rise in leisure time. For employees threatened with layoff, the attraction of the program is likely to be even stronger, as the alternative is the unappealing option of being laid off with full-time UI benefits.

Even more important than the economic aspects analysed above, however, are the psychological and social aspects of work sharing. Laid-off employees often suffer a blow to their self-esteem, even if it is clear that the employee is not in any way at fault for being laid off. Work sharing avoids this psychological blow, because all members of the peer group are treated the same.

Employment and Immigration Canada surveys indicated that the vast majority of employees of firms using work sharing and layoffs preferred work sharing to the layoff alternative.[23] Since the work-sharing agreements had a maximum duration of nine months and the demand for labour was not always restored within this period, layoffs occurred at the termination of the agreement in 29% of the cases.[24] Although in these cases the work-sharing program failed to prevent layoffs, it did reduce the duration of the layoff. Furthermore, because of the provision for double-dipping, the laid-off employees were entitled to conventional UI when laid off.

Impacts on Management

From the employer perspective, the key question is the impact of work sharing on labour costs compared to the layoff alternative. At the most basic level, the employer is paying for the same total hours of labour under the work-sharing option (five persons working four days per week) as under the layoff alternative (four persons working five days per week). However, other factors tend to increase or decrease costs.

Two factors that tend to make work sharing more costly than the layoff alternative are the costs of administering the work-sharing program and the costs of employee benefits. Administrative costs tend to be higher under work sharing because the employer has to communicate with the UI administrators about the employees' hours and earnings. Because some benefit costs, such as dental insurance, are a fixed amount per employee, labour costs may be higher under work sharing since more employees are on the payroll. Benefits that are a percentage of earnings, such as private pension plan contributions, are a variable cost; the total of these benefits would be the same under work sharing and the layoff alternative if total earnings are the same. Payroll taxes (such as the employer's contribution to the Canada Pension Plan, Workers' Compensation and UI) are a percentage of earnings up to a ceiling level per employee. If employee earnings are above the ceiling, then the payroll tax acts like a fixed cost (the maximum contribution), but if earnings are below the ceiling level then they are a variable cost; this variable cost would be unaffected if total earnings are the same under work sharing and layoffs.

Other factors tend to make work sharing less costly than the layoffs. For example, when a firm lays off workers, there is a disproportionate reduction in the number of lower-paid junior employees, with the result that layoffs increase the average wage of those remaining on the job. This "seniority wage effect" does not occur with work sharing because the worktime of all employees is reduced in the same proportion. This proportionate decrease also reduces benefit costs for benefits that are a percentage of earnings. In addition, the employer saves the costs of laying off and recalling workers and the costs of hiring and training replacements for workers who do not respond to recall when full production resumes. The net result for employers is that, on average, work sharing is somewhat less costly than the layoff alternative – a saving of about $800 per layoff according to Employment and Immigration Canada.[25]

Work sharing could also improve productivity by avoiding the bumping often necessitated by layoffs (as employees move to less familiar jobs) and by reducing the negative consequences on morale often associated with layoffs. Such impacts are difficult to measure.

In terms of training, work-sharing firms were found to be less likely to engage in training (3% of work-sharing firms) than firms using layoffs (14%).[26] This finding could indicate that work-sharing firms are more likely to avoid the long-term changes needed for structural adjustment. It is equally plausible, however, that there is less need for work-sharing firms to engage in training because they have avoided the wasteful bumping and reallocation of employees that layoffs entail. If so, then the lower training costs at work-sharing firms would indicate the greater efficiency of work sharing.

Impacts on Government

The government, of course, is concerned about the amount of UI benefits paid out under the STC program since the UI program is administered by the government and financed through a payroll tax on employees and employers. In theory, the direct cost of UI benefits under the STC program (five persons drawing benefits one day per week) should, in principle, be the same as the layoff alternative (one person drawing benefits five days per week). In practice, however, benefits under work sharing cost about 1.33 times as much as they would have under layoffs.[27] There are three main reasons for this increase. First, and most important, the double-dipping provision of the program increases costs because some work-sharing participants are laid off following the termination of the agreement and then become eligible to draw conventional benefits. Second, the waiver of the normal two-week waiting period increases costs. Third, it is estimated that 30% of the employees whose layoff was prevented by STC would not have applied for UI if they had been laid off.

A contention here is that the substantially higher direct cost of work sharing relative to the layoff alternative is a key reason for the various restrictions on work sharing which have, in turn, resulted in a relatively low utilization rate. The program modifications proposed below are intended to make work sharing cost-neutral and open the way for greatly expanded usage of the program.

The consequences of unemployment are not limited to the unemployed – their families and society as a whole are also affected. "Unemployment has been directly linked to ill health, crime, child abuse, family breakdown, and a host of other problems that are ultimately costly to our society."[28] Although the exact magnitude of the effects are controversial, evidence suggests that by avoiding layoffs, there will be a reduction in stress-related health problems such as alcoholism, heart attacks and mental illness. Therefore, work sharing indirectly provides substantial cost savings to the government by reducing expenditures on programs that deal with these stress-related social costs of unemployment.

Although the magnitude of the saving is likely to be substantial, it is also difficult to measure with precision, although Employment and Immigration Canada made an attempt. After reviewing the literature, they used a figure produced by the Canadian Mental Health Association to estimate that, in 1990, the social cost of an unemployed person was $13,400.[29] They thought this figure implausibly large, however, and arbitrarily halved it to $6,700. They then halved the figure again to $3,350 to reflect the fact that layoffs averted by work-sharing tend to be of the less severe, temporary variety.

Impacts on Society

Attempts have been made to assess the overall worth of work sharing to society as a whole by calculating a benefit-cost ratio. Although this might appear to be an intimidating task, it is simplified considerably by the fact that many of the impacts on the individual parties wash out in the aggregation of impacts on society as a whole. For example, increased expenditure on pension contributions is a cost to the employer but a benefit to the employee; similarly, increased UI cost to the government is a benefit to the employee. The only impacts that do not net out for society as a whole are the administrative costs of the program, savings on hiring and recall, the reduction in the social costs of unemployment and any impacts on productivity.

Excluding the social costs of unemployment and any impacts on productivity because of lack of hard data, the 1984 evaluation estimated an overall benefit-cost ratio of 1.3:1.[30] Since the benefits exceeded the costs, Employment and Immigration concluded that work sharing is desirable. Reid and Meltz, using an admittedly crude estimate of the social costs of unemployment based on the American empirical work of Brenner, found the benefit-cost ratio to be a very favourable 5.7:1.[31] In 1993, Employment and Immigration Canada calculated a benefit-cost ratio of 2.6:1 and suggested that the relative advantage of the program had declined over time compared to the Reid and Meltz estimate.[32] However, if they had not arbitrarily halved the estimate of the social costs of unemployment they would have produced a benefit-cost ratio very close to the 5.7:1 estimate. More importantly, all of these measures fail to include the most fundamental advantage of the work-sharing program – the greater satisfaction of the employees involved in the program and the value society places on a more equitable response to a reduction in demand for labour.

Policy Changes to Improve the Work-sharing Program

Several modifications to the design of the work-sharing program would make the program more cost effective and increase the extent of its use.

The number of work-sharing agreements seems substantial in absolute numbers – in 1991, for example, 10,929 applications were approved involving 196,458 participants and averting 60,000 layoffs.[33] Relative to an overall labour force of over 13 million in 1991, however, 60,000 layoffs constitute less than half of one per cent, and considering that the work-sharing agreements last for only part of a year and not all of the apparent layoffs are truly incremental, the net reduction of the unemployment rate as a result of the federal work-sharing program is probably less than one-quarter of one percentage point. The argument advanced here is that design flaws have prevented the program from being used widely enough to significantly reduce the unemployment rate. Fortunately, the design flaws are readily correctable.

The under-utilization of the program is related to the fact that the work-sharing program is more costly than conventional UI. In my view, both problems flow from a fundamental difficulty: the work-sharing program should be an *alternative* to the conventional use of UI by laid-off employees, but it has instead been used as a complement. The double-dipping provision means that employees laid off at the termination of the work-sharing program are permitted to draw conventional UI benefits. The higher cost of the work-sharing program, in addition to being fiscally undesirable, has led the government to restrict the use of the work-sharing program in several unfortunate ways. The program modifications recommended here attempt to remedy these deficiencies and aim to make work sharing and conventional UI cost-neutral:

- First, eliminate double-dipping. Employees should be eligible to participate in either work sharing or conventional UI, not both. The objective is to make the work-sharing program and conventional UI cost-neutral, as they are conceptually.

- Second, increase the maximum period for which work-sharing benefits can be drawn from its current 26 weeks (with a possible extension to 39 weeks) to the same length as conventional UI (about 50 weeks). If an employer decides to terminate employees after, say, 30 weeks of work sharing, then the laid-off employees should be eligible for only 20 weeks of conventional UI.

- Third, restore the possibility of using work sharing as a temporary transitional mechanism to deal with permanent downsizing. Since restructuring is an increasingly important aspect of the Canadian labour market, it is desirable for work sharing to be available to reduce the terminations resulting from downsizing. It would not be desirable, however, to prevent reallocation of labour to new uses when required by permanent structural changes. In circumstances where there are typically numerous qualified applicants for each vacancy, however, there does not seem to be much allocative virtue in laying off more workers to increase the length of the queue.

- Fourth, eliminate the onerous requirement for employers to produce a recovery plan demonstrating that they will return to their original employment level by the end of the work-sharing program. This is a major barrier to participation in the program, particularly for employers engaged in permanent downsizing. Since there is no requirement for laid-off employees to demonstrate that they will have found a job by the end of their eligibility period, there is no reason to impose this requirement on work-sharing participants. With the double-dipping requirement removed, this provision would not increase the cost of the UI program.

- Fifth, reduce the benefit level under work sharing to 50% of earnings, slightly below the level for conventional UI, to compensate, at least partly, for the waiver of the waiting period under work sharing.
- Sixth, market the program aggressively; currently, it is not marketed. Survey evidence indicates that by far the most important factor in why eligible firms do not use the program is that they are unaware of its existence.[34] Furthermore, merely being aware of the existence of the work-sharing program is a far cry from having adequate knowledge of the features of the program and the circumstances appropriate for its use.

Conclusion

Two main policy recommendations are presented here with the goal of increasing the economic security of families. Both are concerned with sharing work, since prospects for increasing the total hours of employment through increased government spending or tax cuts seem rather dim, given the size of the government deficit.

1. To create jobs in the longer term, employees should (at least during recessions) be given an *entitlement* to voluntary reduced worktime (such as job sharing). It seems bizarre that there are so many employees who want to work fewer hours while there are so many unemployed persons looking for work.
2. More extensive use should be made of the federal work-sharing program, in which UI benefits are provided as STC to employees who have reduced their workweek to avoid layoffs. To ensure that expanded use of work sharing would not increase costs to the government, the program should be modified to make it a cost-neutral alternative to the use of layoffs with conventional UI. The work-sharing program should then be made comparable to conventional UI as much as possible. In particular, work sharing should be permitted for both temporary and permanent work reductions, there should be no requirement for a recovery plan, and the period of time that benefits can be drawn should be equal to that for UI. Finally, the potential benefits of the work-sharing alternative should be advertised widely.

These two policy suggestions have the virtue of avoiding heavy-handed legislative coercion – they rely to a considerable extent on the voluntary participation of employers and employees. They are responsible and practical ways in which the economic security of families could be increased without an increase in government spending.

Endnotes

[1] National Forum on Family Security, *Family Security in Insecure Times, Vol. I*, (Ottawa: Canadian Council on Social Development, 1993), 4.

[2] A. Donner et al. *Report of the Advisory Group on Working Time and the Distribution of Work* (Ottawa: Human Resources Development Canada, 1994), 52.

[3] National Forum on Family Security, *Keynote Paper II* (Ottawa: Canadian Council on Social Development, 1994), 5.

[4] M. Wooden et al. *Worksharing and Unemployment* (Adelaide, Australia: National Institute of Labour Studies, 1994), 58.

[5] Wooden et al., *Worksharing and Unemployment*, 43–59.

[6] G. Bosch et al. *Times are Changing: Working Time in 14 Industrialized Countries* (Geneva: International Labour Organization, 1993).

[7] F. Reid, "Combatting Unemployment Through Work Time Reductions", *Canadian Public Policy*, 12, 2 (1986): 275–285.

[8] Reid, "Combatting Unemployment"; Ontario Task Force on Hours of Work and Overtime, *Working Times* (Toronto: Ministry of Labour, 1987).

[9] Donner et al., *Report of the Advisory Group*, 64.

[10] P. Benimadhu, *Hours of Work: Trends and Attitudes in Canada* (Ottawa: Conference Board of Canada, 1987), 18.

[11] Although the survey also asked whether the employee was interested in early retirement, these preferences could not be included in the tables because no information was collected on how early the employee wished to retire. Furthermore, unlike the other four alternatives, the employer's permission is not required to retire early, so the early retirement issue is not relevant to the voluntary job sharing entitlement proposed here.

[12] Reid, "Combatting Unemployment", 280.

[13] Donner et al., *Report of the Advisory Group*, 75.

[14] R.A. Hart, *Working Time and Employment* (Boston: Allen and Unwin, 1987).

[15] Benimadhu, *Hours of Work*, 15.

[16] Donner et al., *Report of the Advisory Group*, 76.

[17] Donner et al., *Report of the Advisory Group*, 61.

[18] Donner et al., *Report of the Advisory Group*, 2.

[19] Donner et al., *Report of the Advisory Group*, 7.

[20] Employment and Immigration Canada (F. Graves and T. Dugas, principal authors), *Worksharing Evaluation: Final Report* (Ottawa: EIC, 1993), 2.

[21] Employment and Immigration Canada, *Evaluation of the Worksharing Program* (Ottawa: EIC, 1984); EIC, *Worksharing Evaluation* (1993).

[22] For example, if the employee has income of $100 and pays 25% of his or her income in tax (average tax rate of 25%), then normal after-tax income is $75. If the employee is in the 50% tax bracket (marginal tax rate), then a $10 reduction in income due to work sharing would result in a reduction of only $5 (50% of $10) in after-tax income to $75 - $5 = $70. After-tax income under work sharing would thus be 93.3% ($70/$75) of normal after-tax income.

[23] EIC, *Evaluation of the Worksharing Program* (1984); EIC, *Worksharing Evaluation* (1993).

[24] EIC, *Worksharing Evaluation* (1993), 11.

[25] EIC, *Worksharing Evaluation* (1993), 21. The 1984 evaluation also found a cost advantage for employers using work sharing rather than layoffs (EIC, *Evaluation of the Worksharing Program*, 38).

[26] EIC, *Worksharing Evaluation* (1993), 16, 20.

[27] EIC, *Evaluation of the Worksharing Program* (1984); EIC, *Worksharing Evaluation* (1993).

[28] Donner et al., *Report of the Advisory Group*, 3.

[29] EIC, *Worksharing Evaluation* (1993), 28.

[30] EIC, *Evaluation of the Worksharing Program* (1984).

[31] F. Reid and N.M. Meltz, "Canada's STC: a Comparison with the California Version", in *Short-Time Compensation*, edited by M. Morand and R. MacCoy (New York: Pergamon Press, 1984).

[32] EIC, *Worksharing Evaluation* (1993).

[33] EIC, *Worksharing Evaluation* (1993), 2.

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5

Employers and Family Security

by Claude Béland

The extent to which insecurity has replaced confidence among Canadian families over the last few years has been well demonstrated. The almost unchallenged economic growth experienced for 30 years (from the postwar period to the 1970s) and the confidence in the future that came with such circumstances now seem to be behind us forever. For each and every one of us, the future seems more uncertain. It could hardly be otherwise in a context of increasing economic upheavals and unacceptable levels of unemployment.

If the changes currently under way have some logical explanation, human activities, including the economy, are not mechanisms that function alone and can get back on track with a few minor adjustments. Consequently, if we want to improve our situation, we all need to take action – we have to reach a consensus and assume responsibilities.

For this second publication of the National Forum on Family Security, I have been asked to talk about the responsibilities that employers must assume in this collective search for a better socioeconomic environment for Canadian families. Although I am not an expert in this field and do not have a recipe that could be successfully applied everywhere, I have accepted this challenge.

Relying on my management experience within one of the most important financial institutions in Canada and on the experience acquired within several socioeconomic fora over the last few years, I will concern myself only with showing what employers can do today to act as true partners at the societal level as well as within the organizations they manage. I will also indicate what principles and strategic considerations should be considered in looking at individual family responsibilities and the workplace.

The visions of the corporate world and of the economy expressed in the following pages reflect my 30 years of experience in the world of social economy or co-operation. Indeed, the Mouvement des caisses Desjardins is a financial institution like no other; it is a group of local financial co-operatives created by their members to meet their own needs and still managed by them to this day. When you have studied at the school of co-operation, you develop a strong confidence in the strength of collective action based on solidarity.

Co-operatives must still submit to the laws of the market; they face the same productivity and cost-efficiency challenges that all enterprises are confronted with. Even if they are pursuing objectives different from those of share capital companies, co-operatives are still affected by the many changes in the economy and must adjust.

In the following pages, my argument is divided into four sections. First, I outline a few new phenomenons that redefine today's business environment. Second, I briefly describe the changes that have occurred in recent years in the make-up of the labour market and the issues it faces concerning family life. I then try to demonstrate how new management styles are necessary to deal with the present challenges and how employee safety and awareness of their parental responsibilities fit in those management styles. Finally, I define the roles and responsibilities of each partner in what should be, in the larger sense, a generous societal project through which we join forces to craft a world that will enable each and every one of us to use our skills and aptitudes to their full potential.

Changes to the Corporate Environment and Global Economic Evolution

The technological progress experienced in recent decades has changed our world. Our economic activities have undergone a true revolution. From the postwar period to the present, there has been a spectacular increase in the volume of corporate affairs and an even faster growth in international exchanges. Since 1950, the value of the wealth produced in the world (gross world product) has increased fivefold, while exports are 12 times more important.

However, this fast and constant growth of world economic activity, prompted by trade liberalization, has not generated the expected wealth for everybody. Although more wealth has been created in general, fundamental problems remain even today. According to the International Labour Organization (ILO), 120 million people worldwide were officially unemployed in early 1994, and we are experiencing the most severe unemployment crisis since the Great Depression of the 1930s. If we also take the underemployed into account, almost 30% of the world labour force – or 820 million people – is caught in the unemployment crisis. According to the ILO, the real figure, which includes those who have never requested unemployment benefits or who have stopped looking for a job, is certainly higher.

Canada has not been spared. An increasing portion of our population is also facing exclusion from the labour market. Since the 1981–82 recession the unemployment rate has never gone back down to under 7%, and three years after the 1990–91 recession it was just below the 10% level. If so many people are being kept out of productive activity, it is because many existing corporations have had to cut jobs and because new corporations are not being created fast enough.

Since the end of the 1980s, a large number of corporations, here and abroad, have closed their doors, while many others have been extremely streamlined to cut costs. A revealing statistic about this trend can be drawn from the data published each year by *Fortune* magazine on the 500 largest corporations in the United States. In 1979, the top 500 companies employed 16.2 million people; in 1993, the top 500 had only 11.5 million employees. This represents a loss of approximately 4.7 million jobs (almost 30%) in just 13 years.

The same is happening in Canada. Over that period, the large corporations eliminated many jobs. Employment growth in this country is increasingly due to small and medium corporations.

One can certainly wonder if many corporations did not too quickly or too easily resort to layoffs, sometimes massive. In this area, as in many others, if there have been (and still are) practices that are more of a trend, the pressures or constraints that resulted in a great number of layoffs are real. Several factors make it increasingly difficult for all those who are struggling in the economic arena. Let us look quickly at a few of them.

New Factors That Complicate Matters

First, two economic recessions within 10 years have forced profound rationalizations, which have made consumers very careful about their spending and have resulted in a major decrease in domestic demand.

Second, the opening up of borders after the liberalization of international trade puts our former "private hunting ground" within reach of our competitors, who are sometimes powerful international giants. For example, it is estimated that the combined assets of the 300 largest transnational corporations in the world represent 25% of the world's active assets today. They are creating a concentration of capital and power that makes it more and more difficult for less important corporations to compete.

Third, the financial markets, whose globalization was driven by an increase in economic activities at the world level and by the development of informatics, have become a major economic force. For example, it is estimated that every day on the financial market, the approximate equivalent of $700 billion (US) changes hands. Not more than 10% of this amount is linked to commercial transactions, that is, to the purchase of goods and services abroad for which individuals or corporations must convert foreign currencies.

The highly speculative activity going on today around the clock, from one financial setting to another, gives tangible meaning to the notion of globalization. Any event, or precursory sign of such an event, can cause a storm that drags all currencies into turmoil and forces central banks to join forces. When interest rates increase unexpectedly, both consumers and corporations are affected. Under such circumstances, the debt burden of corporations suddenly becomes heavy to handle, and this situation can add to the capital cost for unknown periods of time. Such speculative movements, unpredictable by nature and the effect of which is greatly increased by technology, make the environment more complex for corporations today.

Fourth, through the years, the accumulation of policies, rules and decrees governing an increasing number of sectors of economic activity has complicated corporate activity enormously. The extent of social security contributions in a country like ours where social programs are generous is not of minimal importance for corporations. As well, the complexity of the tax system is a serious impediment, consuming much manager energy. For example, in Quebec, it is estimated that small- and medium-sized businesses must devote 200 hours a year to complying with the legal and fiscal requirements of governments. All these controls and obligations not only delay the creation and growth of corporations, but also undermine their capacity to adjust rapidly to changing conditions.

Finally, one cannot ignore the limits to state intervention that will be imposed from now on because of the heavy public debt. While the state, in addition to its social mission, has been a major player on the economic scene over the past decades, it has limited means today to intervene and its circumstances will certainly get worse in coming years. The state no longer has the means to launch large projects and provoke an artificial recovery when needed. We are already experiencing what excessive debt and dependence on foreign savings can cause when interest rates must be set at a level that does not correspond to the domestic situation of our country in order to sustain the dollar and make it attractive to foreign holders of Canadian debt securities. In this context, direct state investments in corporations, or the injection of millions of dollars to rescue corporations, are practices that will become less and less possible. Corporations, as well as communities, must increasingly rely on themselves.

Consequences That Affect Everybody

Today's managers and corporations are facing these new constraints. The intensification and generalization of competition[1] compel each of them to increase corporate productivity, cut costs, do everything more efficiently: It is a question of survival and of sustaining their growth.

Such a decrease in flexibility is bound to have an impact on workers: downward trend for wages, layoffs, work overload due to the decrease in staff, term employment, part-time jobs ... market laws are implacable.

Considering the difficult circumstances corporations have to contend with, they certainly can no longer guarantee job security at the same level they did until very recently. Corporate managers and employees both face insecurity. Subject to less foreseeable conditions, corporations are no longer sure of their own survival. For example, almost half of the model corporations Tom Peters referred to in *In Search of Excellence* have now disappeared or have experienced major difficulties. Success is no longer guaranteed forever. In reality, streamlining is often a question of life or death.

I describe these phenomenons without, of course, accepting the "normality" of the disastrous consequences for individuals and families. This is the logic behind the mainstream economic system, and we cannot but recognize that it would be difficult to change it in a context of increasingly interdependent national economies.

It may be easier for skilled and educated workers as well as professionals to adjust to the emerging rules of the game. In the final analysis, when a person has the qualifications needed for a job, he or she is less dependent on one employer and the experience acquired within a corporation can more easily serve as a springboard for employment elsewhere. Lesser employment security is certainly less significant for such individuals than for other types of workers.

Unskilled workers are doubtless the most vulnerable in such a context, because the jobs eliminated over the last few years were, in a very large proportion, those requiring few or no skills. The likelihood of finding a new job of this type after a layoff has decreased sharply in the last 10 years. A considerable collective action must be taken to support unskilled workers and their families and to enable those who have been excluded from the labour market to rejoin it, particularly through well-targeted training programs. This effort must, of course, include young people, who must be convinced of the importance of completing their education if they are to be well prepared for a more demanding labour market.

In short, present economic conditions greatly limit the range of choices offered students, workers and corporation managers. Market laws cannot be redefined to suit us and, in this regard, we are all in the same boat.

However, we can effect change in our attitudes and strategies, and in our capacities to work together to reach common objectives and to assume the responsibilities related to the functions we fulfil in society. I will discuss this further, below. First, however, let us examine how the labour force has changed during the last decades and the consequences of these changes for the corporation and for family life.

Sociodemographic Changes, Changes in the Workforce Composition and New Concerns of Employees Regarding Their Parental Responsibilities

In over 60% of families, both spouses work outside the home. There has been a spectacular evolution in this area, for this situation occurred in just 11% of families in 1951. Very often by choice, women started working outside the home to achieve their full potential, to have some degree of autonomy within the couple or simply because the classic model according to which women left the labour market at the birth of their first child did not correspond to the aspirations of today's couples. The increase in the number of families with one or two or even no children contributes to the phenomenon. In a nutshell, the work of women and men outside the home has become the norm for most couples.

At the same time, the two-income household has become a necessity for many families. The National Council of Welfare stated that the poverty rate among families would have been twice as high in 1992 if all women living in a household where both spouses work had quit their jobs. Had women not started working in such great numbers, the average family income would have decreased substantially during the last 20 years. We have now come to realize that a single income is one of the major causes of family poverty.

By the same token, Statistics Canada revealed in its spring 1994 issue of *Canadian Social Trends* that the earnings of one-income families is on average 21% lower than that of two-income families. In 1991, 14% of one-income families had earnings that were below the poverty level compared to 4% of two-income families. This means that a second income in the family is often what allows homeownership, leisure and the saving of enough money to widen a family's scope of choices as a consumer.

Less Time for the Family

The two-income family phenomenon substantially decreases the time parents spend with children. According to the Vanier Institute of the Family, the one-income family was the norm 30 years ago and families could cope with 45 to 50 hours of work a week outside the home. Today, spouses have to work 65 to 75 hours a week and, in many cases, it is just enough to maintain their standard of living. Moreover, in 40% of two-income families, spouses have different work schedules. Family members are together less often.

It is obvious that the combination of work and family responsibilities has adverse effects on the quality of family life. The responsibilities can be even more difficult to deal with when the second spouse is not working by choice but by the need to help make ends meet. In fact, many families face the following dilemma: either their financial situation is acceptable, but only through considerable hours spent outside the home working, which means less time for the children; or there is time for the children, but the family's financial situation is precarious. Neither of these situations is satisfactory.

For the many heads of single-parent families, the dilemma goes without saying. Today, 20% of families with children are headed by a single parent. This figure has almost doubled since the beginning of the 1960s. In 82% of cases, the parent is a single woman. The tension caused by the pull between family and professional responsibilities is, without doubt, much more significant when one parent has sole custody of the children and that parent has to hold a job, perform domestic tasks and provide care to children. In every workplace today, there are some people who assume many responsibilities alone.

The influx of a greater number of parents in the labour force enabled the Conference Board of Canada to note at the beginning of the 1990s an increase in absenteeism and lateness due to the presence of school-aged children at home. It is estimated that employees with family responsibilities are twice as likely as their childless colleagues to arrive late at the plant or office or to have to leave during the working day.

A more recent study by the Conference Board, conducted this time among employees, shows that approximately one-third of them suffer from stress and anxiety due to the harmonization of work and family responsibilities. The troubles linked to stress due to overwork cost Canadian corporations $12 billion annually.

Harmonizing Work and Family Responsibilities: The New Challenge

Because a large proportion of workers assume a series of responsibilities that affect their flexibility and performance at work, some people say that reconciling work and family responsibilities is no longer just an employee problem; rather, it is now a corporate problem. One can no longer rely solely on the resourcefulness of employees.

When the workforce composition and the reality of workers undergo major changes, as was the case over the last few decades, it is obvious that new challenges cannot be met by applying notions that were appropriate 20 or 30 years ago. Today, some managers may want to consider time management problems of employees as strictly personal. In my view, this is far from the most constructive attitude to adopt. As well, with a birth rate under the population replacement level, we are all aware of the importance of children, of the next generation. In fact, we all know that if the trend persists, we will be faced with a declining population and experience serious problems when the proportion of workers compared to retired people is substantially lower. As a society, we have in recent years started to wonder how to facilitate or encourage the birth of children. Employers are certainly not exempt from responsibility in this regard.

Young people who start their professional life are facing more uncertainty than previous generations and need to be supported. Predetermined futures, marriage, children soon after entering the labour market and the guarantee of a stable and progressive career are no longer commonplace today. Starting one's life with a succession of short-term jobs, often poorly paid, is the lot of a growing number of young people. These factors make it risky to start a family. It is difficult to choose to give birth to a child when you are not sure if the child will always have a decent life. The difficult circumstances of young households certainly have something to do with the decline in birth rate observed for several years. A greater corporate flexibility toward parental responsibilities seems the least we can give our young people today.

On the other hand, with the aging of the population, an increasing number of workers will have to take care of elderly parents. The Sécretariat à la famille of the Quebec government has estimated that the proportion of people aged 65 to 79 to those aged 40 to 54 years old (i.e., the "supported generation" in comparison with the "supporting generation"), which was stable at 30% from 1901 to 1961, is currently at 45% and could reach 50% by 2011, 80% by 2021 and even 100% by 2031 according to the population estimates of the Bureau de la statistique du Québec. Support of aging parents, which will be more prevalent in the coming decades, will also require adjustments in the workplace.

In short, the socioeconomic reality has changed drastically during the last 30 years, and this trend will last. The profound changes that are taking place require that we adapt our laws and policies, including, of course, corporate policies.

The next section looks at how, from the point view of employers, it is more profitable to consider family responsibilities of employees and to be flexible in this regard than to ignore the issue.

Updated Management Philosophies Take Parental Responsibilities of Employees into Account

The world we live in, characterized by constant evolution and unpredictable events potentially capable of causing chaos almost instantly, forces corporations to be very flexible and to adjust quickly. Greater competition in an increasingly open environment adds further pressure, making flexibility and adaptability even more imperative.

A New Type of Corporation

Work organization as we have known it during this entire century is no longer appropriate for the new environment. The structure of the "corporate stronghold", highly organized into a hierarchy headed by an autocratic leader who makes all the important decisions and who, from top to bottom, gives orders, imposes procedures and supervises task performances, is much too heavy for today's market forces. In a more stable environment, where changes spread out over long periods, such corporations, in spite of the rigidity of their operation, could come out winners. This is no longer the case.

The present change in direction marks the end of the scientific management of labour, as was called the organization of work promoted by Taylor, the American economist and engineer who, at the beginning of the century, found a way of increasing productivity in factories. Assembly-line production, where each employee was handed an ultra-simplified task while not having any idea of the global process, was considered progressive at the time. Today, however, one can no longer leave complete supervision and decision-making to a few engineers or managers. We can no longer ask employees to use their arms and leave their brains at home. This organizational model was devised for a time when mass consumption was discovered, that is, when consumers were offered a few, undifferentiated products. They were almost captive clients, seldom having the wide range of choices available today.

With time, consumers became more demanding and their needs diversified, so much so that we now talk about segmented markets to satisfy different kinds of customers. The success of a corporation now depends on client satisfaction. Quality control measures for products are increasingly established to ensure client loyalty, maintain a positive reputation and put good products on the market. The ability to innovate has become a major competitive advantage in widely saturated markets. The capacity to second-guess consumer needs is necessary to create new business opportunities and pull ahead of competitors. For all these reasons, "smart work" has replaced "mechanical work". For the latter, computerization makes it increasingly possible for us to have robots and machines do the repetitive tasks formerly performed by human beings.

Nowadays, to manage change in a constant manner, to improve corporate efficiency, to simplify the work process as much as possible and to cut costs in order to meet the expectations of customers and make the best of their complaints and observations, everyone within the corporation must be put to task. We must decompartmentalize our minds as much as possible, and specialists must know how to work in a multidisciplinary context. Instead of distributing work within large and vertically integrated administrative departments, we must know how to perform as a network – how to establish work teams, when necessary, that unite people from all fields. Manager, inventor, machinist, customer service clerk – each employee is now invited to question previous ways of doing things, suggest improvements and not "mind his own business".

Human Resources: An Important Factor in Competitiveness

Clearly, human resources are now a major factor of competitiveness in a context that has become much more demanding for organizations. The paternal attitude shown for the longest time by employers to employees must give way to a relationship based on partnership. If everyone is in the same boat, all must work together to keep it afloat and lead it to port.

Having abandoned an authoritarian management style, today's entrepreneur or manager must encourage the voluntary participation of employees. This can only be achieved through information sharing and open channels of communication. To stimulate commitment, we must have confidence in each employee and give them increased power. Only those with no power can be irresponsible. Rosabeth Moss Kanter of Harvard wrote, "Powerlessness corrupts; absolute powerlessness corrupts absolutely!" This applies well to the dynamic of a corporation.

To develop every employee's potential, a climate that stimulates personal growth must also be in place. Individuals who feel they are moving forward, whose knowledge is updated, who have an adequate level of autonomy, and who work for a company with a clear and well-known mission statement and where solid values are shared are more inclined to give the best of themselves than those working in a paternalistic environment. It may sound like a paradox, but with increasingly difficult economic conditions we are coming back to a certain humanism within corporations.

New Measures Consider the Family Responsibilities of Employees

Encouraging the harmonization of family and work responsibilities fits perfectly with the general attitudes and practices necessary today in corporate management. Unquestionably, every individual experiences a tension between those two sets of responsibilities, a tension that never completely disappears. Fortunately, however, there are ways of simplifying the lives of employees with children or aging parents such that they are not constantly stressed by intractable problems between personal and professional responsibilities. It is not at all a question of an employer being a philanthropist; rather, it is a matter of understanding each other's interests. Managers have all to gain when employees can organize their schedule to give their best at a more convenient time for them, when they do not feel penalized because they assume additional responsibilities by taking care of dependents.

Several types of measures can improve the balance between work and family responsibilities. Each corporation must adopt measures appropriate to its context and situation.

The Mouvement Desjardins Experience

The Mouvement des caisses Desjardins, which is not a traditional corporation in the sense of headquarters reigning over branches but rather a group of autonomous corporations, is an example of the kinds of measures that can be taken to help parents assume their responsibilities. In fact, each institution or regional group of institutions within the Mouvement Desjardins (*caisses populaires* are grouped on a regional basis, then at the provincial level) progresses at its own pace, and the measures applied are not the same everywhere.

Thus, for example, at the beginning of the 1980s, the institutions that form the head office in Lévis were able to unite and create a workplace child-care centre. This on-site co-operative child-care centre offers good conditions and is managed by the parents who use it. It gives priority to Desjardins employees. Since 1993, the child-care centre has been located in a new building. It is bigger, and the quality of the facility as well as the number of spaces available have increased.

Moreover, the Confédération des caisses Desjardins, the co-ordinating organization for the whole of the Mouvement Desjardins with close to 1,800 employees, has developed several policies in recent years to better respond to the individual needs of employees and the objectives of the corporation. First, we decided to institutionalize our support to employees with children by incorporating in our management philosophy – which was widely disseminated – the principle that our workplace must take individual parental responsibilities into account.

An employee assistance program enables individuals to get outside help to resolve personal problems (including marital and family problems). We also improved the maternity leave benefits offered by the unemployment insurance program by paying the difference between unemployment insurance benefits and 95% of the employee's salary for a 17-week period. In the case of an adoption, a father or mother can take up to 34 weeks off. Here, again, we make up the difference between unemployment insurance benefits and 95% of the salary for the first 12 weeks. The Confédération des caisses also pays particular attention to requests for leave-without-pay for parental responsibilities. In this context, an employee can take a leave for up to 24 months and be assured of regaining her or his position upon return. As well, it is possible to finance a six-month to one-year leave with deferred pay.

Measures have also been taken for work schedules. The flexible work schedule has been in effect for a few years. Employees can adapt their arrival and departure times according to their needs while respecting core times. It is also possible to have short-term paid leaves for parental responsibilities.

On various occasions, employees have indicated their satisfaction with these measures that have enabled them to better harmonize their work and family responsibilities. They have also made suggestions about how to improve their enforcement – for example, by removing organizational constraints (most often financial ones) that affect their implementation. The addition of new options (choice of workplace, compressed workweek, job sharing) has also been suggested. Consultations are under way to evaluate whether we can implement these measures and under what conditions.

The Confédération des caisses Desjardins does not claim to be the forerunner among Canadian corporations on the issues of harmonization of work and family responsibilities or flexible work schedules. We are progressing at our own pace according to parameters that reflect our reality. In our case, these measures are part of a larger context of quality management. They are part of the search for conditions that will maximize each employee's contribution to the objectives of the corporation, with the ultimate aim being greater employee commitment.

I am convinced that factors that cannot be measured in monetary terms – for example, job satisfaction, the pleasure of working or the level of effort each person is ready to contribute – are greatly improved when such measures are put in place. All in all, everyone in the corporation gains. A workplace that values the work-family equilibrium can enable employers to attract good employees, to keep them and to secure their loyalty. This is an important consideration today when there is a lack of semi-skilled workers, because employers need a qualified workforce as much as workers need a job.

Nevertheless, it is important to adopt genuine corporate policies and to apply concrete measures to all staff members. CEOs themselves must be very open and flexible about the harmonization of work and family responsibilities. And the corporation must have a written policy, or chances are that not all employees will be able to take advantage of this openness in the same way. Not all managers or team leaders will necessarily be inclined to show the same degree of flexibility.

Furthermore, considering the evolution of the relationship between men and women over the past 30 years, policies on family responsibilities must not be seen as being aimed at women only. If CEOs and managers increasingly recognize the importance of their employees' family life, they must also accept the fact that fathers will be more involved and therefore will not leave the role of primary parent to their spouse. Attitudes must change, because men have generally always been more preoccupied with their careers while women were the primary caretakers of children. We will now have to accept that fathers will sometimes be less available, that family activities and child-care will take a greater part of their time, that they will be less mobile at certain periods of their professional life – without prejudice to their career or to the economic security of their family.

Let us now examine the last aspect, that is, how each partner in today's society must assume his or her responsibilities so that our society can be responsive to children's needs and to the need for a secure place for all our society's members.

Going Beyond Personal Interests to Promote a Generous Societal Project Together

A healthy, stable and perceptive society recognizes the importance of children and the key role of the family. Children will take over from us, they are tomorrow's builders, those who will produce wealth when older people have retired from active life. Thus, parental responsibilities are of the utmost importance in a society that aspires to a good future. Nothing replaces available parents, who are able to have a good relationship with their child right from the child's birth and to support him or her afterwards, to encourage and help the child at each stage of his or her life. But all this requires time and availability.

Employers, as I have tried to demonstrate earlier, can play a constructive role for parents who need time and availability for their children. However, at a more global level, the search for a social climate in which individuals and families feel secure is an important phase of a larger project, a generous society project, that calls upon our sense of social justice and through which our society would give everyone the opportunity of developing her or his talents and full potential.

To achieve such a project together, we must move beyond the personal interests that often hamper the quest for genuine solidarity. Basing ourselves on the co-operative principle of "joint endeavours for improved living conditions", we must recognize the complementarity of everybody's role. The state, the employers and the workers all have responsibilities toward one another.

The State

The state – that is, governments and individuals holding positions of responsibility within the public service – must initially see to it that the services the population has agreed to give itself meet its expectations in terms of quantity and quality. Public services must also be proportionate to our ability to pay, and this is what will be, without doubt, the most important challenge of the next few years. We have borrowed a lot to maintain the services we have, but our debt level has now reached a critical stage. We must learn efficiency and cost control. The future of our social programs depends on it.

We have a long way to go in Canada because we are still over-governed and over-regulated. In our quest for important spending cuts and significant improvement in the efficiency of the state, we will not be able to tolerate for long the many duplications and overlaps existing in this country between the different levels of government. We will also no longer be able to drag our jurisdictional quarrels on forever and ever. There will soon come a time when the reality of expenses and their impact on future generations outweigh political and ideological inflexibility and power struggles.

Under the present rules, a serious public deficit reduction process still seems difficult to establish. Our political traditions, particularly with mandatory elections every four or five years, make it practically impossible for governments to engage in consistent commitments. At the end of a mandate, according to the rules of the game today, courage and political suicide go hand-in-hand. We may have to find mechanisms that will compel governments to act for longer periods than the four-year or five-year mandates, thus shielding the debt reduction process from electoral blackmail. Only very tight and rigorous management will help us eliminate deficits and control the scope of public debt. However, it will have to be a transparent and accountable management that evaluates its progress and informs us of its results – in fact, an administration that considers the citizens of this country to be partners committed to the objectives of society as a whole.

The state must find the ways and means to pursue its mission without endangering the well-being of its citizens, particularly the most vulnerable ones. It must proceed before being forced to take more radical actions that could add to the present insecurity of families. The state plays an invaluable role in the redistribution of wealth and the preservation of the safety net that leaves no Canadian on his or her own. It is a right we must safeguard.

Moreover, no longer desirable today are major centralizing programs conceived, implemented and managed by bureaucrats often located hundreds of kilometres away from the population concerned. Decentralization must occur wherever possible, because we know that members of the affected community are in the best position to adapt services to the specific needs of the population, which is more and more anxious to empower itself. This means that decision-makers must first and foremost strive to transfer to service users the power, the responsibility, the accountability and, of course, the possibility of generating the necessary revenues to pay for those services. Decentralization does not simply mean passing on responsibilities, because one cannot assume a new role involving costs without the possibility of generating the required revenues.

The most efficient intervention that the state could make on behalf of corporations would be to eliminate as much as possible the many finicky regulations that have restricted entrepreneurship: in the past, someone who wanted to be an entrepreneur had to be a go-ahead type; today, that person must also be a door-breaker of decision-making bodies and have an unfailing patience with bureaucracy. With more limited resources and a changing world, the state must focus on improving the employability of the labour force and on improving things that stimulate private investment, increased productivity, innovation and breaking through into new markets for our corporations.

Beyond these challenges, the state – through laws that directly affect families, minimal labour standards that must be applied and a consistent fiscal policy – must show its support to families, give them priority and ensure that couples who decide to have children do not have to take on alone the ensuing risks and costs to the detriment of their careers and quality of life.

Employers

In our pursuit of a thriving and generous society, business leaders as well as small-business and medium-business owners play a central role by creating conditions that will produce wealth and jobs essential to Canadian families. Business owners are the ones who take risks, invest their time and savings, patiently gain support, and find the required funding to start a business. Success in such efforts results in many jobs.

According to all observers, the jobs needed to eliminate today's endemic unemployment will be generated much more by the creation of new medium and small (and even very small) businesses than by creating new positions in large businesses. We must remember, however, that small businesses require a large amount of commitment from everyone, particularly at the onset. One must be ready to invest countless hours of work. The harmonization of work and family responsibilities could be more difficult during that time. Actually, it seems that minimally sized corporations with a small staff are necessary to implement measures that will make it easier for parents to juggle their responsibilities. That is a challenge we must meet if we want to create jobs as well as to enable entrepreneurs and their colleagues to enjoy a meaningful family life. We must reverse the situation where interesting jobs with good working conditions and benefits, particularly concerning the family, are becoming a new kind of privilege awarded only to a select few.

Managers are also on the front line when it comes to the sustainability of their corporation and the future of their employees. Managers' capacity to encourage employees' participation, commit them to the goals of the corporation and motivate them into giving their best plays a major part in the corporation's chances for success. But there is also a series of management decisions and directions that influences the long-term sustainability of a corporation. Over the past few years, not all business leaders have been able to deliver. In fact, the quest for short-term profit, growth and diversification at all cost through complex and too ambitious financial mechanisms as well as excessive indebtedness have caused, in the present economic context, the fall of many corporations and the loss of an even greater number of jobs. A corporation cannot be run like a poker game, because employees are not simple chips. One of the most important responsibilities of managers is to expand their businesses with security in mind.

Employees

Employees have two challenges: efficiency at work and, for those who have chosen it, the fulfilment of their parental role. We can ask ourselves, however, how many parents, particularly fathers, have totally abdicated their responsibilities toward their spouse and children over the past 10 or 20 years. Is it normal that 60% of families headed by a woman today are poor? A society in which it is so easy to practically abandon people to whom we had made a long-term commitment is probably lacking certain guidelines and obligations that would ensure at least minimal security for those who suffer the most from marital breakup.

Employees also have responsibilities as citizens. The civic drop-out observed nowadays, even if it can be explained as the result of social exclusion and loss of confidence in institutions, surely does not create a viable long-term situation. Our societal problems are everybody's problems. If, for example, we have to eliminate government deficits to be able one day to start reimbursing the debt, everybody's contribution will be needed. Taxpayers will have to be straightforward in the face of today's inescapable challenge. The state will be unable to overcome a surplus of expenses over income if everyone tries their best to deprive it of income by participating in activities and exchanges that escape fiscal control. The perpetual search for fiscal loopholes and the persistent small transactions and exchanges made "under the table" prevent a necessary partnership between the state and its citizens.

It is as important to make the same commitment of honesty and loyalty toward employers. Cheating the corporation, in whatever way, is easy. But in the long run, it serves no one. We must, instead, have a mutual commitment. We cannot respect an employer who denies our most fundamental rights.

A real partnership implies that each partner is able to make and respect commitments to other partners.

Fighting Together Against Unemployment and Exclusion

In our search to produce a climate that will once again instil confidence in people who feel the most uncertainty and to accomplish a societal project focused on the notions of generosity, justice and prosperity for all, the first challenge to be dealt with is, without doubt, the elimination of the vicious circle caused by unemployment, poverty and dependence. Many studies have shown the extent to which these phenomenons are interrelated and create numerous other problems related to health, education, crime, civic involvement and more. When an important proportion of the population is excluded from the labour force, and therefore from the first environment of participation in collective life, we are confronted with an enormous waste of energy that brings about many social problems.

Employment is the best insurance policy against poverty,[2] and that is why job creation must be our first priority. There is no magic recipe to immediately put back to work all the unemployed. Rather, it is a series of local initiatives as well as individual and collective efforts that can make a difference. We must go back to the idea of joint work that our ancestors thrived on; we must go beyond our rivalries and personal interests and work together to put back on their feet those members of our society who have been devastated by recession and economic hardship. Concerted action and communication are necessary to the success of that type of mobilization; the contribution of all economic partners is essential.

We do not need a perfect setting for confidence to return. When each of us feels that everyone has started to work in a spirit of solidarity, that things have started to move, that small successes and improvements are adding up, then a feeling of confidence will replace insecurity.

When everyone feels we are part of the overall prosperity, maybe then we will want to dedicate more time to collective matters. And maybe we will do our best to ensure children are prepared to take over one day.

Endnotes

[1] When corporations and products come from everywhere, what is called competition also means different values, disparities in working conditions, different labour costs, different tax systems, differing levels of public debt, uneven access to natural resources, etc.

[2] When approximately one child out of five lives in a poor family, as is the case in Canada, we are far from a situation of equality for all. Some children are at a disadvantage at the very beginning of their life, at an age when we do not yet assume responsibility for our choices.

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4

Reinventing Solidarity: The Status Quo Is Not an Option

by Jean-Bernard Robichaud

The rise in economic and social insecurity documented by the National Forum on Family Security is a phenomenon that is taking on a new dimension in Canada. Never since the end of the Second World War has the population shown so much concern about its future. This feeling of insecurity is widespread among the middle class, but it is particularly acute for some five million people, that is, the close to 20% of the Canadian population at the bottom of the income ladder.

Before pinpointing ways to solve family insecurity, it is important to analyse and understand what is nurturing it.

Most analysts attribute the origins of the present feeling of insecurity to the profound changes our society is undergoing. For some, the intensity and rapidity of the changes are akin to a permanent state of crisis. In the field of social policies, the crisis in the welfare state is seen to reveal the inadequacy of social programs designed for a bygone era.

The welfare state crisis appears to be symptomatic of a more general crisis: an industrial society going off track. Indeed, it is a structural crisis, going beyond the fundamentals of our industrial society. It is a crisis of civilization in which the previous balance is being permanently altered.

Among the academics who have tried to describe the changes of our era, Alvin Toffler,[1] through his expression "the third wave", has perhaps best characterized the upheavals we are experiencing. Only the changes brought about by the agricultural and industrial revolutions can compare to those of today. If Toffler's view is sound, we are leaving the industrial age and entering a new one – the information age.[2]

Thus, the present crisis can be described as a revolution set off by unprecedented qualitative technological changes. Indeed, we do not yet fully appreciate the extent of the consequences of these changes, which are transforming the nature and processes of production. A genuine revolution, the information age is characterized by the computerization of society, the generalization of personal microcomputer technology, automation, robotization and a spectacular increase in the ability to produce and process ever more rapidly and efficiently increasing masses of information.

According to André Gorz,[3] material goods dominated the industrial age. In the information age, the intangible nature of goods takes precedence. The driving force behind change has become information, the production cost of which is extremely low, the exchange value (selling price) high, and the consumption and production of which can grow without generating external costs or encountering the physical limitations that the growth in material goods comes up against. The goods and services produced in the information society will be qualitatively different from those produced in the industrial age. This change represents a real revolution in which human capital will play a major role greatly exceeding that of the other contributing elements of production.

The information age produces a change in paradigm; models of the past become obsolete and inadequate. People's hopes and values will be profoundly altered. Our ability to adjust will be severely tested and we will have to be innovative in more ways than one, particularly in social matters, because we are confronted with swift societal changes.

While these disturbing changes are taking place, nothing less will be required than reinventing solidarity and finding new interdependent relationships.

The present feeling of insecurity also has an international dimension because problems now are global. Any reflection on solidarity must transcend national boundaries and take into account the needs and aspirations of the whole of mankind. Social policies of the future will have to integrate, in their conception as well as in their development, this profound need for "human security"[4] that is shared by all of mankind in the North, South, East and West. Before suggesting fundamental changes to the mechanisms of a new solidarity, which will be considered in the second part of this chapter, we will first analyse the main impacts of the information age.

The Information Revolution

From the perspective of solidarity, what can be said of the new context? What are the main consequences of this revolution that fosters insecurity in families? Some effects of the information age are already apparent, but the longer term impacts are still unknown. Some consequences are obvious in the policy, economy, ecology and consumption fields. However, the most significant consequences – social and cultural, particularly concerning values – are emerging at a slower pace.

Our main intention is not to comment on the recent changes in the international context that resulted in the transformation of the geopolitical world after the Second World War. Nor do we have to describe or analyse the impact of the global economy or explore the effects of the main model used for developing the earth's resources or study the new types of consumption.

By proposing, in the first place, to reinvent solidarity while rejecting the status quo, we have resolutely adopted a social development perspective. We deliberately positioned ourselves in a development dynamic in terms of directed change, the objective of which can only be an individual and collective social progress.

As we pursue our goal as well as an in-depth analysis, we must now deal with the more abstract levels of the social and cultural issues – cultural being taken in its anthropological sense.

Insecurity is based on powerful exclusion mechanisms that constantly generate new forms of poverty and marginalization. There are two main categories of marginalized people:

- the vast majority of citizens from poor countries
- the underprivileged in richer countries, that is, the unemployed and people needing all kinds of help.

To this effect, the Group of Lisbon[5] stressed that exclusion mechanisms create a new inclusion-exclusion split. The pressures exerted by the states divide the world between the rich countries who can already afford to invest in the development of new technologies (which enable them to participate fully in the information age) and the poor countries who will be even more marginalized than they were in the industrial age. We also notice a phenomenon of internal polarization of societies that, on the one hand, separates the individuals who master the new technologies from those who do not and, on the other hand, divide workers according to their presence in the primary or secondary market of employment.

- **The primary market of employment** is made up of highly competitive and technical jobs but also includes professionals. It is very dynamic and evolves quickly, and its workers are in high demand. This market produces new wealth and will be the main source of Canada's future prosperity. Productivity is high in this market, but it will require a rather limited labour force with ever-increasing skills. The schooling required to gain access and adapt to the primary market of employment will continue to increase.
- **The secondary market of employment** is made up of more traditional companies and jobs that require less specialization, schooling and technical skills. The new technologies will certainly affect this market by demanding more productivity from its workers and considerably reducing the number of jobs available. This is the market that mostly provides jobs to people on unemployment insurance or welfare. As the available jobs require fewer technical skills, workers are more replaceable and salaries are lower than in the primary market of employment. Moreover, these jobs not only offer low protection and salaries but are also precarious and part-time. It seems cynical to try to have people in this market believe that the work ethic, employment counselling and recycling are sufficient to guarantee prosperity for the majority. It is not the reality today, it has not been a reality for the past 20 years, and it will certainly not be the reality in the years to come.

The main issue, from a social policy perspective, is how workers will be treated in the secondary market of employment. (One should bear in mind that these workers represent a crucial proportion of the Canadian labour force.) The evolution of work occupies an important place in our reflection because of its impact on the security of families and on solidarity.

The Information Age and the Evolution of Work

André Gorz[6] has written considerably on the evolution of work in our times. His discourse is sound. Gorz is a pioneer, who inspires us to offer a perspective that is as well articulated and consistent as possible. Gorz notes that automation and robotization save worktime not only at the company level but also at the societal level: they foster higher and better production in fewer hours of work and with less capital; and they make it possible to lower salary costs and capital cost per unit.[7] As an example he mentions West Germany, which regularly measures not only the extent of unemployment but also the "workload", that is the total number of hours worked in one year in the economy as a whole. Between 1955 and 1985, the GDP increased 3.02 times while the annual workload decreased by 27%. Between 1984 and 1986, in only two years, the workload decreased by 350 million hours in West Germany.

Another source taken from the *Wall Street Journal* indicates that, according to some assessments, 25 million out of 90 million jobs could disappear in the private sector in the United States.[8] A source in Great Britain states that since 1970, there has been a marked decline in the contribution of work to family incomes. For example, in 1985, approximately 30% of families were without labour income compared to 20% in 1975.[9]

Statistics on the annual workload are not generally known in Canada, but nothing indicates that our situation differs significantly from that of countries where such data exist. This type of comparison shows the real limits of Canadian statistics on unemployment.

Information on the annual workload reinforces the notion that the quantity and nature of work are changing. It challenges, in a fundamental way, the objective of full employment as described in electoral speeches. A significant proportion of jobs are disappearing and even more will vanish in the future. The debate is no longer about the artificial protection of jobs that have become redundant, but about how to replace them. In the aforementioned article from the *Wall Street Journal*, Jacques Dufresne raises a fundamental question: "How do we ensure that gains in productivity contribute to the development of societies and individuals instead of to their degradation?"

Contrary to what some people would have us believe, the main problem facing us today is not how to achieve wealth, but how to distribute it fairly. The development of societies and individuals depends more than ever on a fair distribution of income and wealth. This brings us back to the main theme of our discussion, which is solidarity between the different socioeconomic categories or between social classes. The industrial age has been characterized by concentrations of capital and major socioeconomic inequities. Can the information age ignore such tremendous inequities as those observed during the industrial age?

The main perspective put forward here is that because of the major changes taking place, the new society will have to be based more on redistribution and solidarity than the previous one in order to maintain its equilibrium. The functionality and equilibrium of the information age will rest on these two notions. This is not a question of morality, social ideal or ideology – it is one of survival. A more equitable distribution and an increased solidarity will be essential to ensure social peace within nations and prevent war between countries.

During the information age, the basic concepts of work and wage earning will be challenged. Gorz presents this thought-provoking idea when he maintains that "the micro-electronic revolution opens the age of the abolition of labor".[10] In the future, a person's income and the job held will not necessarily be linked. In this new age, "worktime will no longer reflect the exchange value nor the exchange value reflect the economic value. Salary will no longer represent the workload and the right to income will not be subject to holding a job."[11] This new concept has come about for two main reasons that did not exist in the industrial age: first, the amount of work needed to produce goods and services is quickly decreasing due to the production processes of the new information age; second, the nature of work has evolved from the material to the intangible. According to Gorz, "Work no longer involves direct contact between the worker and the matter."[12] To understand the evolution of work, it is useful to evoke the distinction made by Gorz between heteronomous and autonomous work.[13] Heteronomous work is defined and determined on an external basis. The worker does not control the final product. Tailored work on an assembly line is a typical example of heteronomous work. On the other hand, autonomous work serves its own purpose. It has its own power and development. Creative work is an example of autonomous work. There is a certain amount of heteronomous and autonomous work in every society. Heteronomous work is unlikely to completely disappear, even in the face of high technological progress. However, it is reasonable to assume – and there exists considerable evidence to this effect – that the extent of heteronomous work will diminish while that of autonomous work will increase considerably in the information age.

The information revolution represents a tremendous potential for freedom and autonomy because of an increase in self-employment and free time. Changes in the values and expectations of human beings will be centred around professional autonomy and use of free time, both of which are quickly becoming major issues. Gorz cites Toffler, who maintains that in the future, "wealth will not be measured in terms of money or time devoted to work but of free time which, in itself, will have become productive and creative."[14] Freed time can become socially useful and justify, for example, the right to an "income from participation".[15]

During the 1960s, there was a lot of talk about a leisure-oriented society as an expression of the utilization of free time. We now know that free time not only results from hours worked but also from the evolution of work. On the one hand, this kind of free time contributes to in-depth changes in the nature of work. Liberated for the most part from the production of material goods, human beings could devote themselves more freely to creative activities, but not necessarily and exclusively to leisure as was assumed in the '60s. Human beings would also be able to devote more time to activities centred on personal services, to be more available to one another and to provide better care to children, persons in need and the elderly. Free time could become useful at the social level, for example, in volunteer activities or in a new sector called the "social economy", which "creates jobs that meet unsatisfied social needs and focuses on community links".[16]

The intangible products of the information age will have to be distributed, and very different new markets from those of the industrial age will emerge both at the national and international levels. The new products "should mostly be used by the new governing élites and redistributed to the population via any work being requested in exchange. The market expansion will eventually have to include the people of all countries. In the near future a redistribution mechanism which is not linked to wage-earning will provide individuals with the means to consume what is for sale."[17]

Robotics and telematics will substantially replace human labour (i.e., jobs), as well as liberate us from the more repetitive and less productive aspects of industrial work. However, wealth can still be achieved through gains in productivity. The problem that will have to be dealt with is the development of wealth distribution and redistribution mechanisms that are not mainly connected to wage earning, because the job-income link is diminishing and could disappear as the main source of distribution of wealth. Undoubtedly, the challenge facing us is to invent new forms of socioeconomic solidarity and to find new ways of distributing wealth, which also means job sharing.

The challenge must be formulated in these terms. However, short-term solutions as well as policy and program choices that will enable us to meet this challenge are not obvious or easy to determine. Nevertheless, it is the way we must go if we are to find a solution to the insecurity phenomenon identified by the National Forum on Family Security. Only new forms of distribution and redistribution of work and income can sustain the new information society as well as the new method of consumption that it will dictate.

Reinventing Solidarity

We feel a growing necessity in Canada to undertake a global reform of the institutions, policies, programs and services of what is referred to as the welfare state. Most Western countries, particularly those of Western Europe, feel the same need. We rightfully ask ourselves what is reasonable and desirable to meet the basic human needs in the new context of the information age while remaining a caring society.

There are those who argue that we must cut expenses as well as change and eliminate some policies and social programs. Very often, this argument implies that the state must free itself from some social responsibilities, that governments must give free rein to the "laws of the market", and that objectives for a society focused on increased equality and redistribution must be abandoned. This is not the perspective gained during the National Forum on Family Security. The preceding analysis leads us to acknowledge that the mechanisms established to ensure increasingly equitable opportunities, an active solidarity and a better distribution of income are not working. Even if many, if not all existing policies and programs were to disappear or be radically modified, we would still have to pursue the reduction of inequalities and elimination of exclusion mechanisms.

Social policies sensitive to the information age differ fundamentally from the existing policies and programs. Consequently, the overall objective must be to focus more on redistribution and equity. But questions arise: Where to start? What principles must be followed to meet new circumstances? Several authors, for example, Philippe Herzog,[18] believe that the inability of our societies to find solutions to unemployment and exclusion constitute a threat to the democratic system. Possible social reforms that would respond to the requirements of the new context should be based on democratic principles and thus contribute to regenerating the sorry state of our democracies. One of the challenges of the information age is the preservation of the constitutional democratic system.

An American author, John Rawls, maintains that the first basic component of democracy is the notion of justice as equity. According to him, "a society is a more or less self-sufficient association of persons who in their relations to one another recognize certain rules of conduct as binding and who for the most part act in accordance with them. ... Further, these rules specify a system of co-operation designed to advance the good of those taking part in them."[19]

A well-organized society is based on a public notion of justice, which determines "a way of assigning rights and duties in the basic institutions of society and ... define[s] the appropriate distribution of the benefits and burdens of social co-operation."[20] In a liberal democracy, each individual's right to inviolability is rooted in justice and, for the well-being of society in general, cannot be infringed upon. This principle must be respected. The idea of a social contract is central to the theory of justice developed by Rawls. The social contract allows a notion of democratic equality that leads to the principle of equal opportunity and the principle of difference.[21] He adds that "the justice of a social scheme depends essentially on how fundamental rights and duties are assigned and on the economic opportunities and social conditions in the various sectors of society."[22] In this context, the social contract is based on the concept of fundamental goods that consist of rights, freedoms and possibilities offered, income and wealth. An important problem that the social contract must solve is that of "weighing the fundamental goods for the least advantaged."[23] The fundamental goods for an individual correspond to the notion of basic human needs, "they are supposed to address their needs as citizens and no longer to respond to simple preferences and wishes."[24] The concept of fundamental goods is a key factor to reinforce the mechanisms that will foster solidarity in society.

But who are the least advantaged? According to Rawls, they are the people who are least advantaged in areas where contingency prevails. This group includes people who, because of their familial and social background, are disadvantaged in comparison to others, who have had bad luck and who, because of their particular abilities, find themselves in a less adequate condition. "Thus, all persons with less than half of the median income and wealth may be taken as the least advantaged segment."[25] Society must concentrate on the underprivileged to offer a genuine equality of opportunity. "The idea is to redress the bias of contingencies in the direction of equality."[26] Distribution of income and allocation of resources to education are ways of stimulating an equitable distribution of necessary goods to the underprivileged. "The role of education lies in enabling a person to enjoy the culture of his society and to take part in its affairs, and in this way to provide for each individual a secure sense of his own worth."[27]

The preservation of the democratic system, the inviolability of individuals and a notion of the social contract based on equal opportunity are fundamental principles to consider when looking for a new solidarity.

Some Action Plans

Thus far, we have described a theoretical rather than a conceptual perspective that does not necessarily contribute to the resolution of the concrete problems we are facing. Without proposing a detailed action plan or getting into operational mechanisms, we can now give some leads that are closer to today's reality and that could help us make the necessary changes.

Rethinking Work

The fair distribution of collective wealth and income results from the very complex and diversified mechanisms of a modern society. The heart of the matter brings us back to the meaning of work, its redefinition and its fair distribution. We have already demonstrated that the nature of work is changing and that the amount of work involved in the production of goods and services is declining on a continuous basis. This new reality calls for a deep reflection on the definition of work and on the new approaches needed to distribute it fairly.

In considering the different options in the face of the evolution of work, we are confronted with an undeniable fact: For all of us to work, all of us will eventually have to work less. If the total annual workload diminishes in a society, its members will have to accept a more equitable distribution of the work available to avoid the present exclusion processes. We must explore many creative solutions and new practices so that the labour market and the workers can adapt to the new context. It is not a question of choosing between policies for income security and policies for the redistribution of work. These two types of policies must be considered complementary. For example, a universal allowance without the reorganization and redistribution of work would not resolve exclusion and marginalization; moreover, it would be equally untenable to try to reorganize and redistribute work without maintaining a decent standard of living for people required to work less and less. An in-depth reform of income security programs, particularly a universal allowance scheme, would facilitate and even make it possible to implement the necessary change. The reduction of worktime, a well-known process in our societies, continued steadily for more than 100 years until the 1970s. Since then, it has stagnated. We have no choice but to accept a reduction in the workweek, in the number of monthly workdays or in the number of months worked during the year. There are several possibilities, but their application must result in a reduction of worktime for everyone if the redistribution of work is to be possible. We must accept that the total workload available needs to be distributed among the largest number of persons possible. Employers and employees rely too much on overtime. These excesses must cease.

Work is not only a source of collective and individual enrichment, but also a source of individual self-actualization. On the one hand, paid work not only gives access to available goods and services, but also allows the sharing of wealth. A fair distribution of wealth enables a larger segment of the population to take advantage of the effects of production. On the other hand, work gives a sense of belonging and self-worth. This aspect of the role of work is brought to the fore less often than the first one. Our reflection process will have to concentrate on the changes that will take place with the introduction of the information age.

Toward a Universal Allowance

According to Rawls, income is a fundamental good. Income from work – or wage earning – is still the main source of distribution of income, but its role is on a downward slope. The limitations of wage earning, which primarily result from the precariousness of work, under-employment, part-time work or unemployment, are responsible for the resulting inequities, poverty and sense of exclusion. Many redistribution, support and income replacement programs exist in Canada and the provinces to correct income distribution inequities resulting from work. Among the most important are these:

- Unemployment insurance, a federal program, funded by contributions from employers and workers: In 1993, 3.4 million persons received $18.3 billion in unemployment insurance.[28]
- Social assistance, a federal-provincial program: Total expenses can be estimated at $15 billion for 3 million recipients.
- Child tax benefit: This federal program contributed $5.1 billion in 1993 to 3.1 million families.[29]
- Federal benefits paid to senior citizens: In total, these were estimated at $20 billion in 1994-95.[30]
- Veterans' benefits: Pensions and benefits paid to veterans were estimated at $1.4 billion in 1994-95.[31]
- Allowances paid to Native Canadians: These were estimated at $3.4 billion in 1994-95.[32]

Some programs are strictly under federal or provincial jurisdiction while others are offered on a cost-shared basis between the two levels of government. Several of these programs are selective and focus on specific needs. The fact that these programs impose numerous eligibility criteria and that they are based on the often arbitrary judgement of many decision-making officers makes for a cumbersome administration. Moreover, because of their diversity, they are hard to co-ordinate and often produce conflicting results. The programs often have a stigmatizing impact and increase the feeling of exclusion among recipients. The present form of income redistribution is now outdated and inefficient. It would not be hard to conclude that it is too expensive. Instead of defending the status quo, we must come up with new strategies and move toward a new form of distribution and redistribution of wealth. Sooner or later, we will have to find new methods of income distribution. The more we try to revamp the old system, the longer it will take to recognize the consequences of the new context. A greater insecurity will bring about a greater sense of exclusion, a risk of dysfunction and increased social problems. Actions have to be taken at the levels of work and income distribution.

Canada could move considerably forward if we could accept a rethinking of the fundamentals of the existing transfer programs to individuals and consider a single program, under one jurisdiction, that would grant a universal allowance. A single jurisdiction would avoid costly duplications, simplify administration and produce substantial savings in administration costs. The grouping of resources of all individual transfer programs that redistribute, support or replace income under the exclusive jurisdiction of the federal government would have many positive effects, such as the elimination of many departments or agencies and commissions at the federal and provincial levels. To obtain exclusive jurisdiction over income security, the federal government could, in turn, hand some other areas of jurisdiction over to provinces.

The creation of an adequate universal allowance will only be possible if the population understands that the objective is a system based on increased equity and redistribution. If reform is based, as has been the case for the past two decades, on cuts in expenses and a diminished social responsibility on the part of governments, it will be extremely difficult, indeed impossible, to carry out changes in the short term.

If we take the year 2020 as a target for change (that is, 25 years from now), we can predict that countries that will succeed in making the necessary major changes and in overcoming the solidarity challenge of the information age will have eliminated the selective and sectional programs for income security to adopt some form of universal allowance. It will be a single allowance – not based on minimum subsistence needs or developed as a social protection measure for the underprivileged, but based on the right to citizenship and established according to the collective wealth generated by the nation's productive forces. It will be the only way to avoid a polarization of society and to successfully fight exclusion and poverty. In positive terms, universal allowance would enable "everyone to benefit from an automatic citizenship due to guaranteed minimum resources".[33] Citizens would no longer be recipients or "on relief"; they would become contributors to the collective wealth.

The information revolution must bring about a new way of distributing the results of the new productivity. We must come up with distribution and redistribution methods for revenues that are alternatives to wage earning.[34] We need to start academic debates and a serious discussion of implementation schemes. We are facing a highly complex question, one that must be dealt with by thorough reflection and large-scale action plans. In Canada, we are already trailing behind in this area in terms of concepts and research if we consider what is happening in many West European countries. It is urgent that different research teams with specific responsibilities examine this question in depth. Indeed, this question is so crucial that it could be the subject of a national investigation commission.

Toward an Investment in Education

Tomorrow's society is based on knowledge. More than ever, access to education must be democratized at all levels. The generalization of information means we need not only a fairer distribution of income and jobs but also more competent human resources capable of adjusting to change. The more generalized the knowledge, the higher the numbers of creators and users, the higher the productivity, and the higher the capacity to produce wealth for distribution.

Some common problems, namely the debt level of university graduates, must be dealt with quickly because they are a disincentive for people striving to undertake and complete high-level university studies. It is urgent that we reform the present federal-provincial financial support system for university students in order to make university more universally accessible. If we reject this reform, we are refusing to optimize society's human potential and, by the same token, accepting a delay in the full development of the information age. Many societies will take a significant lead on us.

The investment in education must not only focus on graduate and post-graduate studies, but also on all other levels. It is particularly important to recognize that investment in the human potential of our society includes a renewed and supplementary effort in the child-care sector, particularly at the preschool level but also in after-school care at the elementary school level. A national child-care program is a growing imperative. High-quality child-care provides an essential support to families in their education and productive functions.

A national child-care policy would also be to our advantage during the necessary transition period. It would foster job creation at a relatively low cost, the social value of which could stand comparison with other jobs that are more expensive to create.

Toward a Policy Supporting Volunteer Work and Associative Life

A third path of action that should not be neglected in the new context is that of supporting and encouraging the population to get involved in volunteer work and in private associative and non-profit activities. Volunteer action and participation at the community level are essential ingredients of the new social economy. According to a group of national voluntary organizations, the voluntary sector provides "a billion hours of services", which is equivalent to more than 600,000 full-time jobs. The value of the services so provided may reach at least $13 billion yearly.

The reality of voluntary services is of great importance at the beginning of the information age. In fact, one could presume that Canadians who have more free time could devote more time to volunteer activities of their choice on a larger scale. But to make it happen, a more active support policy and an increased valorization of associative and community life is necessary. In Canada, non-profit associations are dynamic and diversified. A policy of non-interference from governments in the management of associations but minimal support in public funds to their basic infrastructures would not be very costly and would greatly encourage people to volunteer time to the causes they believe in. It would rapidly result in a feeling of increased well-being and societal inclusion. It would prove an efficient way of encouraging the population to get involved in community and collective life by fighting marginalization and exclusion.

Conclusion

Preparing for the Future and Contributing to the Progress of Humanity

When the National Forum on Family Security started its work in 1991, we shared the impression that our society was undergoing a major crisis. Our discussion made us realize that we needed to turn over the page of one era to begin on a new one. We must develop new paradigms. Solidarity within nations and between populations must be reinvented. Instead of getting closer to a full-employment situation, we are moving away from it. Wage earning will no longer be able to play the distributive role we currently count on. To avoid an increased polarization of society and the world, and to avoid exclusion, we must define new methods of work and the distribution of work, income and wealth. Self-employment and free time are expected to replace heterogenous work. A new society is emerging, and a new societal project must be defined. We are entering an era of transition and we must now focus on creating policies and programs that facilitate these profound societal changes.

The ideas put forward herein will not be systematically accepted and will need some adjustment time before guiding the actions of the decision-makers. The paths of the future are not all drawn in advance nor predetermined. However, we need to change course, to reorient ourselves if we want the ideal of a Canadian society, indeed of mankind, to be more than an impractical utopia, if we want our society to be more just, equitable, free, participative, redistributive and supportive. The arrival of the information age may bring us closer to this ideal, but only if we want it and if we decide to go ahead!

Endnotes

[1] A. Toffler, *The Third Wave* (New York: William Morrow and Company, 1980).

[2] Many writers, including André Gorz, Jean Lojkine and Alain Bihr, deal with the multiple issues and changes our societies are undergoing.

[3] A. Gorz, *Les chemins du paradis, L'agonie du capital* (Paris: Éditions Galilée, 1983), 62–63.

[4] Mahbud Ul Hag, "Searching for Human Security", *Choices*, 3, 1 (April 1994): 36–38. The author of this article is a special advisor to the United Nations Development Programme. He uses this new concept to stress the interdependence

of people on the planet. He believes that human security has nothing to do with arms but refers to human survival and dignity and consists of guaranteeing the security of individuals at home and at work.

[5] Group of Lisbon, *Limites à la compétitivité : vers un nouveau contrat mondial* (Montréal: Éditions Boréal, 1995).

[6] A. Gorz, *Les chemins du paradis*; A. Gorz, *Métamorphoses du travail* (Paris: Éditions Galilée, 1988).

[7] A. Gorz, *Métamorphoses*, 15.

[8] J. Dufresne, *Journal l'Agora*, 2, 1 (1994): 4.

[9] T. Atkinson, "Participation Income", *Bulletin* of the Citizens Income Study Centre, Basic Income Research Group (July 1993).

[10] A. Gorz, *Les chemins du paradis*, 73.

[11] A. Gorz, *Les chemins du paradis*, 69.

[12] A. Gorz, *Les chemins du paradis*, 73.

[13] A. Gorz, *Métamorphoses du travail*, 207 and following pages.

[14] A. Gorz, *Les chemins du paradis*, 167.

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[20] J. Rawls, *A Theory of Justice*, 4.

[21] J. Rawls, *A Theory of Justice*, 10.

[22] J. Rawls, *A Theory of Justice*, 7.

[23] J. Rawls, *A Theory of Justice*, 94.

[24] J. Rawls, *A Theory of Justice*, 94.

[25] J. Rawls, *A Theory of Justice*, 98. It is interesting to note that the CCSD bases its poverty lines on this notion.

[26] J. Rawls, *A Theory of Justice*, 100–101.

[27] J. Rawls, *A Theory of Justice*, 101.

[28] Canada, Human Resources Development Canada, *Improving Social Security in Canada*, MP90-213-1994E (Ottawa: HRDC, 1994).

[29] Canada, HRDC, *Income Security for Children* (Ottawa: HRDC, 1994).

[30] Canada, Finance Department, *Creating a Healthy Fiscal Climate* (Ottawa: Finance Department, 1994).

[31] Canada, Finance Department, *Creating a Healthy Fiscal Climate*.

[32] Canada, Finance Department, *Creating a Healthy Fiscal Climate*.

[33] D. Goujon, "L'allocation universelle, dernier 'filet' de protection sociale du premier revenu postindustriel?", *Journal l'Agora*, 1, 7 (1994): 6–7.

[34] Y. Bresson, "Réalité économique du revenu d'existence", in *Repenser la solidarité*, edited by Y. Bresson et H. Guitton (Paris: Éditions Universitaires, 1991), 85–122.

5

Lessons from Europe: Policy Options to Enhance the Economic Security of Canadian Families

by Shelley A. Phipps

As Canadians, we are used to thinking of ourselves as having social policies that are kinder and gentler than those of our neighbours in the United States. While this is partly true, it is essential for Canadians to realize that to European social policy experts,[1] the similarities between Canada and the United States far outweigh the differences. European countries have policies that are very different from Canada's. More importantly, despite many similar macroeconomic and social trends, European policies have helped prevent the high levels of insecurity currently faced by many Canadian families. Hence, it makes sense to see what we might learn from the Europeans.

To explore new options for increasing the economic security of Canadian families with children, particularly young children, this chapter focuses on France, Germany, Finland and Sweden. In all cases, these European countries offer more generous programs to assist families than we do, but the structure of available programs differs across the countries, providing a range of alternatives for Canadians to consider.

Policies in Sweden and Finland, two countries with social democratic histories, are most similar to one another. Programs in Germany and France look rather different. For example, German policy has been shaped by a strong belief that children are better off when cared for at home by their mothers until at least the age of three years. Swedish policy, on the other hand, has encouraged the labour force participation of mothers in an attempt to achieve equality between men and women, both in the home and in the marketplace.

In general terms, however, the European countries have more in common with each other than with Canada, since the goals that have guided the development of social policy in the European countries have been quite different from our own. For example, pro-natalism was one important reason for the creation of the generous child allowances still available in each of the European countries studied. Increasing the birth rate has not been such an important goal in Canada except in Quebec, where family policy has also responded to this concern with, for example, sizable birth allowances ($8,000) for third and subsequent children. All of the European countries studied regard children as a major societal resource and hence a public as well as a private responsibility,[2] while Canadian policy generally reflects the attitude that, except as a last resort, children are the private responsibility of their parents. Canadian policy makers worry about interfering with market outcomes; this has not been as important a consideration in the European countries.

Does it make any sense for Canadians to think about adopting policies developed elsewhere to meet possibly different goals? Yes. Regardless of *why* a policy idea appeared in the first place (e.g., to increase birth rates), if it seems likely to solve a problem we currently face (e.g., child poverty), we should consider using it, realizing, of course, that modifications may be required to use European ideas in the context of Canadian goals and institutions.

Socioeconomic Change in Canada and Europe

The availability of more extensive programs for families is an important explanation for the fact that, despite quite similar underlying socioeconomic trends, European families have avoided some of the problems Canadian families now face.[3] For example, rates of divorce or separation are high and single-parent families are increasingly common in all the countries, but extreme poverty among single-parent families is a Canadian and not a European phenomenon. Average family sizes have fallen and rates of labour force participation for mothers have increased in all countries, but the Europeans offer more policies to help ease the strain of meeting both home and workplace responsibilities. Unemployment rates are high and the job market for young people has deteriorated in all the countries, but poverty among families with children is far worse in Canada. These important socioeconomic patterns are outlined in more detail below.

First, Canada, Germany and Sweden have almost identical and rather high divorce rates (Table 1); 44% of marriages ended in divorce over the

Table 1. Demographic Indicators: Canada vs. Selected Countries

	Canada	Finland	France	Germany	Sweden
Divorces (as % of marriages contracted 1987–90)[a]	43%	38%	31%	44%	44%
Single-parent families (as % of all families with children)[b]	18%	15%	9%	7%	18%
Ratio of 1991 fertility rate to 1960 fertility rate[a]	47%	66%	65%	62%	89%
Crude live-birth rates[c]	15.2	13.1	13.3	10.4	14.4

a. Source: United Nations Development Programme. *Human Development Report*. Oxford: University Press, 1993.
b. Source: Luxembourg Income Study.
c. Source: United Nations. *Demographic Yearbook (1992)*. New York: United Nations, 1994.

1987 to 1990 period. Divorce rates are somewhat lower in Finland (38%) and France (31%). High rates of divorce can increase the economic vulnerability of women (if they had reasonable access to their husbands' incomes during marriage), since in all the countries studied, women have lower incomes than men. Canadian evidence indicates that men's standards of living typically rise by 30% after separation (for the median non-custodial father who has not remarried). On the other hand, women's standards of living typically fall to 52% of the predivorce level (for custodial mothers who have not remarried).[4] Of course, these figures assume that husbands and wives had equal standards of living while married, which is not always the case.

In all the countries, divorce and separation are the main routes to single parenthood.[5] In both Canada and Sweden, 18% of all families with children are single-parent families; in Finland, 15% of all families with children are single-parent families; in France (where divorce rates are lower) and Germany, only 9% and 7% of families with children are single-parent families (Table 1). Because Germany still puts a heavy emphasis on preserving the traditional family, divorces are less likely for couples with children, and births outside marriage are much less common than in other countries.[6] In all cases, however, there has been significant growth in the number of single-parent families in recent years.

All countries studied have experienced a significant decline in fertility rates between 1960 and 1991. However, the drop in fertility over this period is most extreme in Canada, where 1960 marked the end of the postwar baby boom. The ratio of the 1991 fertility rate to the 1960 fertility rate is about 50% in Canada; about 65% in Finland, France and Germany; and about 90% in Sweden. As of 1991, fertility rates were very similar in Canada and Sweden, slightly lower in Finland and France and significantly lower in Germany.

Smaller families have gone hand-in-hand with a second socioeconomic pattern: increases in female labour force participation rates in all countries (Table 2). Canada has experienced the sharpest increase of all countries studied. The ratio of 1990 female labour force participation to 1960 labour force participation is 2.4 in Canada, 1.9 in Sweden, 1.6 in France and 1.3 in Finland and Germany. Labour force participation is currently higher for Canadian women (69%) than for women in France and Germany (58% and 56%, respectively). However, despite the rapid changes observed in Canada, current levels of female labour force participation remain slightly lower than in Finland (73%) and significantly lower than in Sweden (84%). Swedish and Finnish women have a longer history of labour force participation from which we can learn. It is also worth noting that nearly 40% of Swedish women who are in the labour force work part-time, whereas in Canada 24% work part-time.[7] In part, this difference is a result of policies that help women in Sweden combine paid work and child rearing (discussed later in this chapter).

Canada and the European countries can also be compared in terms of the percentage of mothers (married[8] and single) with positive earnings. In Sweden, 92% of married mothers have paid employment; in Finland, 86%; in Canada, 75%; and in France and Germany, only 52% and 41%, respectively. In Germany, it is regarded as extremely important that a mother remain at home, particularly if she has children less than three

Table 2. Female Labour Force Participation: Canada vs. Selected European Countries

	Canada	Finland	France	Germany	Sweden
Female labour force participation rate 1990[a]	69.0%	72.9%	57.7%	55.9%	83.5%
Ratio of 1990 female labour force participation rate to 1960[a]	2.4	1.3	1.6	1.3	1.9
Married mothers with positive earnings[b]	75%	86%	52%	41%	92%
Single mothers with positive earnings[b]	58%	87%	75%	50%	93%
Female wages as a % of male wages 1990–91[a]	63%	77%	88%	74%	89%

a. Source: United Nations Development Programme. *Human Development Report*. Oxford: University Press, 1993.
b. Source: Luxembourg Income Study.

years old. Percentages for single mothers with positive earnings are similar: 93% in Sweden, 87% in Finland, 75% in France, 58% in Canada, and 50% in Germany. From the Canadian perspective, where much attention has recently focused on encouraging the labour force participation of single mothers, it is interesting to note that single mothers are more likely than married mothers to have paid employment in all of the European countries, but less likely to have paid employment in Canada.

These trends in labour force participation mean that, except in Germany, a majority of families do not have a "stay-at-home mom" to take care of home and child-care responsibilities. Yet these responsibilities continue when mothers enter the labour force. For families without sufficient income to pay for help, the strain involved in balancing work and family is potentially significant. (Even when families have resources to pay for domestic help, there is still significant effort involved in coordination and in dealing with crises such as sickness.) Further, international evidence[9] indicates that women still bear the greater share of family responsibilities even if they are full-time participants in the labour market. Thus, the strain of the double workday is felt by many women.

In addition, women earn less relative to men in Canada than in the European countries (Table 2). Female wages are 63% of male wages in Canada, 89% in Sweden, 88% in France, 77% in Finland and 74% in Germany. Thus, the potential vulnerability of families who rely on women's earnings is greatest in Canada. This includes families in which the husband's earnings are insufficient as well as families in which there is no man present.

A third socioeconomic pattern and a serious problem in all countries is unemployment (see Table 3). In 1994, unemployment in Canada (10.8%) was roughly similar to unemployment in France (12.3%) and Germany (10.0%), lower than unemployment in Finland (18.5%) and higher than unemployment in Sweden (7.6%).

Youth unemployment rates are much higher than overall unemployment rates in all countries but Germany (where much-admired apprenticeship training programs for young people apparently ease school-to-work transitions). For anyone concerned with the economic security of families, the labour market difficulties faced by young people must be recognized. Unemployment today increases the likelihood of economic difficulties tomorrow, as skills deteriorate and experience is not acquired. Furthermore, economic difficulties for young adults must eventually translate into increases in child poverty as families are formed by people in their 20s and early 30s. In 1992, 60% of Canadian children living with at least one parent aged less than 24 were poor.[10]

Since 1975, at least 30% of new jobs created in most Canadian provinces have been part-time. A growing number of jobs are short-term (lasting less than six months), and an increasing number of individuals are self-employed without any employees of their own. Finally, temporary-help work tripled in the 1980s. These "non-standard" forms of

Table 3. Macroeconomic Indicators: Canada vs. Selected European Countries

	Canada	Finland	France	Germany	Sweden
Unemployment rate (%)					
Total (1983–91)[a]	9.5	5.0	9.7	7.3	2.1
Total (1994)[a]	10.8	18.5	12.3	10.0	7.6
Youth (15–24) unemployment rate/total unemployment rate (1992)[b]	1.6	1.8	1.9	1.2	2.4
Earnings per employee, annual growth rate (1980–89)[b]	0.1	2.7	2.0	1.8	0.9
GNP per capita, per cent annual growth rate (1980–91)[b]	2.0	2.5	1.8	2.2	1.7
Average annual rate of inflation, per cent (1980–91)[b]	4.3	6.6	5.7	2.8	7.4
Overall budget deficit/surplus (1991)[b]	-2.7	0.1	-1.4	-2.5	0.7

a. Source: OECD. *Employment Outlook*. Paris: OECD, 1994.
b. Source: United Nations Development Programme. *Human Development Report*. Oxford: University Press, 1994.

employment, which are especially likely to be experienced by youth and women, constitute nearly 30% of total employment in Canada.[11] Similar trends are observable in the European countries studied here.[12]

Poverty or income inequality is a fourth socioeconomic pattern (Table 4). Here, Canada's performance is consistently the worst. In terms of income inequality, the richest 20% of Canadian households (1986 to 1989) have 7.1 times the income of the poorest 20% of households. In Sweden, on the other hand, the richest households have 4.6 times the income of the poorest, and in Germany the richest have 5.7 times the income of the poorest. A more stable distribution of income reduces economic insecurity.

The incidence of poverty among families with children is also significantly higher in Canada than in any of the European countries studied. Eighteen per cent of all Canadian families with children are poor, whereas in Finland and Sweden, only 5% of all families with children are poor. Germany and France had intermediate records with 9% and 12% of families with children considered poor, respectively.

Table 4. Poverty and Inequality Indicators: Canada vs. Selected European Countries

	Canada	Finland	France	Germany	Sweden
Ratio of income of richest 20% of households to poorest 20% 1986–89[a]	7.1	6.0	6.5	5.7	4.6
Incidence of poverty among all families with children[b]	18%	5%	12%	9%	5%
Incidence of poverty among single-parent families[b]	45%	11%	20%	32%	9%

a. Source: United Nations Development Programme. *Human Development Report*. Oxford: University Press, 1994

b. Source: Luxembourg Income Study.

Single-parent families in Canada are particularly at risk of being poor. Forty-five per cent of Canadian single-parent families are poor, while only 9% of Swedish single-parent families and 11% of Finnish single-parent families are poor.[13] There are just as many single-parent families in Finland and Sweden as in Canada, so it is not small numbers that are enabling these countries to keep single parents out of poverty. France and Germany have intermediate records with 20% and 32% of single-parent families poor.

Of course, the poverty that is evident among single-parent families may have been hidden in households before separation if resources were not shared equally among all family members.[14] Since women and children receive much smaller incomes, they may be poor within some families if men do not share. For example, traditional measures of poverty, which implicitly assume that wives have equal access to their husbands' incomes, indicate that 9% of husbands and wives were poor in Canada in 1992. If, on the other hand, we assume that women have only very limited access to their husbands' incomes, poverty among wives increases to 25% while poverty among husbands drops to 4%.[15]

To summarize, many of the same socioeconomic trends are apparent in Canada and the four European countries studied. In Canada, high rates of unemployment and deteriorating labour market conditions, especially for young adults, have left a large number of families in poverty or near-poverty. Many more families face the *risk* of deprivation and even families fortunate enough to have secure employment face significant strain in their attempts to juggle home and workplace responsibilities. In Europe, the same trends have not always resulted in the same problems.

Cash Transfers for Children in Canada and Europe

In the European countries, there has been "a long history of acknowledging that children are a major societal resource and that the whole society should share in the costs of rearing them."[16] Universal cash transfers providing social support for all children are thus regarded as the core of family policy in these countries. In contrast, the Canadian attitude has increasingly been that children are the private responsibility of their parents, requiring state support only in the case of serious deprivation; therefore, Canada aims child benefits toward lower-income families.

Program Comparisons

France

Family allowances first appeared in France at the end of the 19th century as wage supplements paid by employers to employees with children as a means of avoiding more general wage increases. During the 1930s, the idea that these benefits could be used for pro-natalist purposes appeared, and all employers were required to contribute to a fund which then distributed benefits to all employees with children. The present system of family allowance payments, which emerged just after the Second World War, is regarded as one of the most extensive and generous systems in the world.[17]

The pro-natalist spirit of the French system is still in evidence, with benefits that are relatively much more generous for larger families. Family allowances in France consist of a large number of different cash transfers. However, a basic universal benefit for all families with two or more children less than 16 years of age is by far the most important, accounting for about half of total expenditures. All political parties now agree on the merits of extending this basic benefit to families with just one child, although this has not yet been done in an era of fiscal restraint.

Over the past 20 years a concern with aiming benefits toward the most needy families has emerged. A number of means-tested or categorical (or both) child allowances have been established. For example, there are special benefits for children in single-parent families, for handicapped children and for very young children.[18] All child allowances are funded through a 7% payroll tax levied on employers or on the self-employed[19]; family allowance transfers are not taxable income.[20] There is also tax relief for families with children.

Germany

The goal of preserving the traditional family has been the dominant influence on family policy in Germany. German family allowances were established in 1955 as a form of wage supplement and were originally payable only to fathers with three or more children. For obvious reasons, pro-natalism could not be an explicit policy goal so soon after the Second World War, but the benefits had an implicit pro-natalist design. Over time, coverage was extended and the value of the transfers increased.[21] Currently, all families with children under 16 (or under 21 if unemployed, or under 27 if full-time students or invalids) receive family allowance payments financed from general revenue. Payments per child increase for additional children. For example, families receive twice as much for the second as for the first child, 4.4 times as much for the third as for the first and 4.8 times as much for the fourth and each subsequent child.[22] High-income families receive the same benefit as lower-income families for the first child, but only 1.4 times as much for the second child and 2.8 times for the third and each subsequent child.[23] As in France, family allowances are not subject to income taxation.[24]

Fathers, when present, are still the recipients of family allowance payments in Germany, in keeping with a policy perspective favouring the traditional family. However, it is also clear that family allowances are intended to help with the costs of child-rearing. German family allowances (and tax concessions for children) were recently (1991) increased following a federal court ruling that all parents have the right to benefits that ensure a basic standard of living for their children.[25]

Finland

Family allowances in Finland emerged in 1943 from a pro-natalist agenda. More recently, however, Finnish policy has been characterized as devoted to universalistic principles.[26] Family allowances are viewed as a means of providing social support for all families with children. Benefits, financed through general revenue, are universally available to all families with children less than 16 years old. The real value of family allowances in Finland in 1990 was about 3 times what it was in 1951 and about 30% above the 1982–87 value.[27] Per-child payments increase as the number of children in the family increases.[28] In 1993, a young child supplement to the family allowance as well as tax concessions for children were eliminated as a result of budgetary pressures. To help compensate for these measures, the level of basic family allowances was increased.[29] Family allowances are not subject to income tax.[30]

Sweden

As in the other European countries, early family allowances in Sweden were intended to increase birth rates. However, as in Finland, concern has shifted over time to broader goals of economic security and equality.[31] Swedish family allowances, financed through general revenue, are now universally available to families with children under 16 (or less than 20 if full-time students). Higher per-child benefits are received for third and subsequent children: for the third child, the benefit is worth 150% of that for the first; for the fourth child, 200%; for fifth and subsequent children, 250%. The increments for additional children were increased to current levels in 1989.[32] Child allowances are paid monthly and are not subject to income taxation.[33]

Canada

In Canada, we have recently abandoned universal transfers for all families with children – which were similar in design to many of the European benefits but much lower in value – in favour of child benefits available only for children in lower-income families. We have thus moved away from the European approach of acknowledging social responsibility for all children and toward the US approach of regarding children as the private responsibility of their parents, except when parents are unable to supply basic needs. Canadians have been persuaded that it is somehow wasteful to pay family allowances to higher-income families, although there has not been the same general concern, for example, over the larger benefit well-to-do families receive from the child-care expense deduction.

Currently, the Canadian child benefit system consists of a basic child tax benefit and an earned income supplement. While the basic benefit is $1,020 per child per year, it is "taxed back" so that only low-income families actually receive the full amount; middle-income families receive smaller and smaller benefits as their incomes increase; higher-income families receive nothing. The earned income supplement is a wage subsidy with a maximum value of $500 paid to parents with low but positive earnings. The earned income supplement also becomes smaller and smaller as incomes increase, and disappears entirely for families with net incomes over $25,921. There is no general tax relief for dependent children.

The current Canadian child benefit system thus differs significantly from those of the European countries. Most importantly, the Canadian system is not universal; only about 62% of families with children receive a cash transfer (assuming that the post-1993 system of child tax benefits and earned income supplements delivers benefits to about the same proportion of families as the pre-1993 refundable child tax credit). Also, because benefits are delivered through the tax system, a family's benefit entitlement is always established with a lag–

Table 5. Cash Transfers for Children: Canada vs. European Countries

	Canada 1991	Canada 1993	Finland 1991	France 1984	Germany 1984	Sweden 1987
Level of benefits						
Average child benefits received by families with children/ median country gross income	3.0%[a]	3.5%[a]	8.1%[b]	13.3%[b]	4.2%[b]	7.7%[b]

a. Source: Canada 1992 and Luxembourg Income Study.
b. Source: Luxembourg Income Study.

a fall in income will eventually mean an increase in benefits, but not until several months after the next income tax form is filed.

Finally, the level of benefits provided in Canada is much lower than that offered in any of the other countries studied (see Table 5). Before 1993, Canadian family allowances and refundable child-tax credits provided transfers to families with children which, on average, constituted 3% of median gross family income.[34] Since 1993, the average value of child tax benefits and earned income supplements is estimated to constitute 3.5% of median family income. In Germany, the average value of family allowances constitutes 4.2% of median gross income; in Sweden, 7.7%; in Finland, 8.1%; and in France, 13.3%. Moreover, the countries chosen for analysis in this chapter are not the ones with the most generous child benefit systems. Norway, Austria, Belgium and Luxembourg provide even more generous child allowances than France.[35]

Advantages of the European Approach to Child Benefits

The European child benefit systems offer at least three advantages relative to that of Canada.

First, universal family allowance systems require no calculations to establish eligibility. Cheques can simply be mailed each month to all families with children. Administratively, it is an extremely simple program design.

Second, each of the European family allowance programs is a more effective poverty alleviation tool than the Canadian system. Canadians are not used to thinking of universal family allowance payments as a potential poverty alleviation tool – perhaps because our benefit levels have always been so low. Yet it has been shown that the higher the average level of child benefits, the more successful a country is likely to be at preventing poverty among families with children.[36] Of course, simple arithmetic says that a fixed pot of money spent entirely on the poor could go further toward alleviating child poverty than the same funds distributed equally to all families. However, the key question is, would the same total funds always be available if child benefits were received only by the poor, particularly if the poor seemed to be receiving quite generous transfers? It is quite possible, particularly during difficult economic times, that benefits would be cut as a result of concerns about deficits or about transfers interfering with work incentives. In other countries, generous child allowance payments have proven extremely popular and their real value has increased over time, while the real value of Canadian benefits has been allowed to fall. When the Thatcher government attempted to replace universal family allowances with a child benefit aimed toward low-income families, public pressure led to the abandonment of this plan, leaving universal benefits in place.[37] Such popularity ensures that low-income households continue to receive generous benefits.

Third, the universal nature of the European benefits provides better security for families with children in an era when parental income is increasingly insecure. Generous child benefit cheques received monthly by all families with children in the European countries provide an excellent means of helping families cope with sudden reductions in income through, for example, the loss of a job. On the other hand, *lack* of responsiveness to year-to-year changes in family incomes is a characteristic of the new Canadian system.[38] In Canada, eligibility for any child benefit is assessed based on the previous year's income tax returns. Adjustments necessary as a result of changes in income are made July 1. If an individual loses his or her job on January 1 of 1995 and is without employment throughout the year, evidence of the drop in income will not be available until April of 1996. Child benefits will not be adjusted until July of 1996. Thus, the family will wait from January 1, 1995, until July 1, 1996, for the receipt of any benefits. And, as noted above, economic insecurity is a fact of life for many Canadian families with children, particularly when parents are young.[39]

As well, longitudinal data for the United States indicates that many more families fall into poverty within a year than are measured to be poor based on annual income.[40] Relatively few of these families have sufficient assets to carry them through even a relatively short spell of reduced income. Yet most bills (rent, groceries) must be paid at least monthly, causing considerable hardship to families with even temporarily low income. A child allowance received monthly – particularly if it is relatively generous – can thus be an extremely effective and administratively simple way of increasing the economic security of Canadian families with children.

Maternity or Parental Benefits in Canada and Europe

In Canada, maternity and parental benefits are conceived as labour market programs – benefits to provide parents who have significant past labour force attachment with time at home with their new children before they return to paid employment. Administration of maternity or parental benefits through the unemployment insurance program is unique and clearly illustrates the labour market orientation of the Canadian system. In contrast, while all of the European countries offer benefits that are linked with past earnings, they also offer at least some benefits to new parents without recent histories of paid employment. Thus, European maternity or parental benefits offer some assistance to all new parents; Canadian maternity or parental benefits assist only some paid employees who are new parents, and then only if they will be returning to their jobs. In general, the European programs offer benefits to more people, at a higher level of compensation and for a longer period than we do in Canada.

Program Comparisons

France

In France, pro-natalism is again very evident in the design of maternity and parental benefits that are considerably more generous for third and subsequent children. Maternity benefits have been available in France since 1946. To qualify for cash benefits, a woman must have had at least 1,200 hours of paid employment in the year before the child's birth and she must prove that her insurance coverage by the social security system has been in place for 10 months by the date of delivery.[41] The duration of benefits varies with the number of children the mother already has. For the first two children, she is entitled to 16 weeks of paid leave (6 prenatal and 10 postnatal) at a basic rate of 84% of daily earnings, with both a ceiling and floor.[42] For third and subsequent children, the mother is allowed 26 weeks of paid leave (8 weeks prenatal and 18 postnatal) at the same rate.[43] (Employers often top up benefits to 100% of previous earnings.) Additionally, all women are entitled to an income-tested child allowance from the fourth month of pregnancy, and nursing mothers are provided with a monthly allowance or milk coupons for four months.[44]

A child-rearing leave entitles parents with a minimum of one year of paid employment before the birth or adoption of the child to an additional two-year leave following the maternity leave. The child-rearing leave may be taken by either the mother or the father. During this period, the parent's job is protected, and he or she is entitled to social benefits from the job.

Since 1985, parents of a third or subsequent child have been eligible to receive a child-rearing allowance while on child-rearing leave. Eligibility is contingent only on previous work history (the parent claiming it must have had paid employment for at least two of the 10 years preceding the birth or adoption of the child); there is no income test. Benefits are paid until the child's third birthday.[45] For one year preceding the child's third birthday, the parent receiving the allowance can return to work part-time, retaining half the cash benefit. Only one parent may claim the benefit. The allowance was about $547 per month (in 1990 terms) in 1989, over half the guaranteed minimum wage.[46]

Germany

In Germany, two major programs exist for new parents. The first is a program for labour force participants; the second offers payments to any new parents who remain at home to care for their young children. Since the payments for stay-at-home parents would not be enough to support a single parent with no other sources of income, and since the recipients are not supposed to engage in paid labour, the payments are clearly intended to reinforce the traditional family.

In Germany, all women with 12 weeks of insurance, or continuous employment from the 10th to the 4th month preceding confinement (this includes unemployment beneficiaries and the insured self-employed) are eligible for 14 weeks of paid maternity leave (6 weeks before and 8 weeks after the birth). Paid employees receive 100% of their net covered earnings (based on an average for the past three months). The standard benefit is a flat rate, but employers must top up the flat-rate benefit for higher-income employees. Maternity benefits are not taxable.

In keeping with the desire to support traditional husband-and-wife families with stay-at-home mothers, a new government-financed child-rearing benefit was introduced in 1986. This benefit is available at a flat rate of about $405 per month (1990) for 6 months and on a means-tested basis for an additional 18 months. (This was increased from 12 months in 1993.) Over 97% of eligible families take the child-rearing benefit for the full period. Sometimes called "an honorarium for motherhood", the benefit is intended to enable families to care for infants and toddlers at home. Legally, the benefit can be taken by either the father or the mother, but in practice it is almost always taken by the mother unless the father is unemployed. Families are eligible for benefits regardless of past employment status, so about half of all claimants are stay-at-home mothers without recent labour force attachment.[47] A beneficiary may not have more than 19 hours of paid employment per week while receiving child-rearing benefits.

German parents (either mothers or fathers) are also entitled to an annual allotment of five days per child (compensated with 100% of salary) for the care of sick children. Also, breast-feeding mothers are entitled to work two hours less per day with full salary.[48]

Finland

The Finnish maternity and parental benefit system provides the most choices for new parents. Every new mother, regardless of previous employment status, is eligible to receive maternity allowance, provided she has resided in Finland for the six months preceding confinement.[49] The duration of cash maternity allowances is 105 days, which may be taken anytime from five weeks before the baby's birth to 9.5 months after the birth; a further 170 days of parent's allowance, compensated at the same rate, may be taken by either mother or father, although the mother must decline to take the benefit for the father to be eligible.[50] The total duration of maternity and parental benefits is thus about 46 weeks.

For women with paid employment in the period preceding the birth, the benefit paid is 80% of previous wages, not subject to a ceiling, while women who have no previous work history can collect the minimum allowance of about $277 per month (1990).[51] While there is no ceiling, the earnings replacement rate is gradually reduced to 30% for individuals with annual taxable income over approximately $22,849 (1990) in 1991.[52] Cash benefits are taxable.

Finland also offers child-rearing allowances together with job-protected parental leaves from the end of the maternity or parental benefits until the child is three years old. These may be taken by either parent. Basic compensation during this period is equal to the minimum benefits for parental leave, about $277 (1990) per month. The allowance increases if there are at least two other children under the age of seven at home. Parents may also choose to use child-rearing funds to pay for child-care in or out of their own homes. About 80% of eligible families take the child-rearing leave for, on average, an additional 14 months beyond the first 46 weeks of maternity or parental benefits.[53]

Finally, Finnish parents are entitled to 60 days of paid leave per year to care for a sick child at home.[54]

Sweden

In Sweden, parental benefits are designed to encourage the continued labour force participation of new parents. Mothers or fathers are entitled to 12 months of benefits compensated at 90% of previous earnings, to a ceiling of about $78 (1990) per day in 1991, plus an additional three months with a small, flat-rate benefit. These benefits are universally available, regardless of previous labour market participation, as long as the parent is covered by the national health insurance. Multiple births qualify the parent for an incremental six months of benefits for each additional child.[55] Finally, and quite separately, parents are entitled to unpaid child-care leave until the child is 18 months. Since the paid leave may be taken at any time before the child reaches eight years, it is possible to arrange many different combinations of paid and unpaid leave, offering new parents a great deal of flexibility in their approaches to work and family life.

Parents are also entitled to paid temporary leave for the care of sick children (up to 10 years of age) of up to 60 days per child per year, compensated at 90% of foregone earnings. Until the child is eight years, employers must grant parents the right to a six-hour workday with prorated pay.[56]

Canada

In Canada, maternity and parental benefits are available to some workers through the unemployment insurance system, although it is more difficult to qualify for maternity or parental benefits than for regular UI and the maximum benefit period is shorter. To qualify for maternity or parental benefits, individuals must have 20 weeks of insurable earnings (with at least 15 hours per week or at least $121 of earnings per week in 1989). Successful claimants are then eligible for 15 weeks of maternity benefits compensated at 55% to 60% of previous earnings to a ceiling of $429 per week (1994). Parental benefits, which may be taken by either mothers or fathers, are available for a further 10 weeks on the same terms. Maternity and parental benefits are taxable income. Canada does not offer child-rearing benefits, a general program of paid leave for the care of sick children or any special provisions for nursing mothers.

Advantages of the European Approach to Maternity and Parental Benefits

Reduced strain for two-earner and single-parent families

A first major advantage of all the European maternity and parental benefit systems is that they are better designed to reduce the strain that a growing number of Canadian families (both two-earner and single-parent) face – the strain of combining work outside the home with parenting responsibilities.

France and Germany offer basic paid maternity leaves that are comparable with the Canadian system, but also offer extended child-rearing leaves that allow new parents (either mother or father) the option of a longer period of time at home with new children without giving up jobs previously held. In Germany, this leave is paid. In France, the leave is paid only for third and subsequent children. French child-rearing leaves are contingent on past labour force attachment. In Germany, on the other hand, child-rearing benefits are available to all families, regardless of past labour force status. However, parents in receipt of child-rearing benefits can work no more than 19 hours per week and can only work at the job previously held. Thus, during the period of potential leave, a German parent is effectively forced to choose between paid employment and parenting; traditional gender roles are hence reinforced.

The Finnish system provides parents with more flexibility. The basic Finnish maternity or parental benefits are available, regardless of past labour force status, for about double the potential duration of benefits in Canada; in addition, paid child-rearing leave is available until the child is three. Parents who choose to return to paid employment before the child is three have the option of working only six-hour days, retaining 25% of the child-rearing allowance as partial compensation for the associated income loss; alternatively, the child-rearing allowance can be used to help pay for child-care for parents returning full-time to paid employment. Parents can thus choose the combination that best meets their needs.

In Sweden, new parents are encouraged to participate in the paid labour force; child-rearing leaves are not available. However, basic parental benefits are extremely flexible. A new parent can take an initial full-time leave, followed by part-time paid leave and part-time paid employment, in almost any combination. The intent is to support new parents in combining parenting and paid employment.

Finland, Sweden and Germany also provide paid leave for the care of sick children, a reality that causes many Canadian parents logistical nightmares. Germany also recognizes the right of a new mother to paid time off for nursing.

The key point of all such policies is the recognition both that a growing majority of families now combine parenting and paid employment, and that without help from facilitative policies, enormous strains are created. Typically, these strains are disproportionately borne by mothers, since in all countries studied, traditional gender roles prevail despite the growth in female labour force participation. In Germany, only 1.3% of child-rearing leaves are taken by men, most of whom would otherwise be unemployed.[57] In Finland, fathers took only 2% of all parental leave days.[58]

Longer paid leaves provide new parents with the option of spending more time with infants during their first years of life. Not only does this make life easier for sleep-deprived new parents, but it may have important consequences for parent-child interactions. As one example, mothers breast-feed longer in the European countries than in Canada – an average of 8.5 months in Sweden[59] compared to 4.3 months in Canada.[60]

Higher rates of compensation, especially for basic maternity or parental leaves, help European families cope with the financial strain of adding a new member to the family. Also, more families are covered. In Canada, relatively stringent eligibility conditions must be satisfied, resulting in the exclusion of, for example, the self-employed, workers with low weekly hours or earnings and workers with fewer than 20 weeks of work in the previous year. Given poor conditions in the labour market, particularly for young adults in their family formation years, significant numbers of new parents are excluded from benefits.

Increased equality between men and women in the paid labour market and increased economic security for women

The idea of parental rather than maternity leave is that by offering fathers the opportunity to stay home to care for their children, traditional gender roles will begin to erode, allowing both mothers and fathers to combine child-care and paid employment. However, as noted above, the reality everywhere still seems to be that mothers take the leaves. Thus, the real gender-equity advantage of the extensive child-related leaves, particularly in the Scandinavian states, seems to be that these policies make it easier for women to combine home and workplace responsibilities. More continuous labour force participation contributes to increased job-related skills and experience with the likely outcome of higher wages. This may be one important reason why gender-earnings ratios are more favourable for women in the European countries than in Canada (see Table 2).

Better labour market outcomes for women also have the distinct advantage that women are better able to support themselves financially in the increasingly likely event of divorce or separation. This helps to reduce the economic vulnerability of women both following a separation and within a marriage. A growing body of evidence[61] indicates that women's power within marriage increases as their earned-income contributions increase. It is also true that women may be less likely to remain in a bad relationship if there is no economic need.

Furthermore, these facilitative policies offer an enormous advantage to single mothers, who must cope alone with both home and workplace responsibilities. The results in Europe seem very positive – rates of labour force participation for European single mothers are high, especially in the Scandinavian countries where policies are most facilitative (see Table 2).

Advance Maintenance Payments

In each of the European countries studied, the state guarantees maintenance for the child by providing a cash transfer in cases where an absent parent does not pay child support, pays only infrequently or does not pay enough. Like the European countries, Canada has a growing population of single-parent families. Unlike the European countries, single-parent families in Canada are extremely insecure. A study of the significant differences in outcomes for single parents in Europe versus Canada suggests one extremely important new policy option – advance maintenance payments.

While shockingly little information about the receipt of child support is available for Canada, a Department of Justice study indicated that 68% of divorces involving children received court orders for child support. Of these, only two-thirds of non-custodial parents made payments regularly during the first year, and compliance is known to fall as time passes.[62] In Canada, some attention has recently been given to the design of enforcement mechanisms to ensure that non-custodial parents (typically fathers) pay. All provinces and territories now have automated, government-run enforcement programs, and the federal government contributes by garnisheeing funds such as income tax refunds and unemployment insurance when support payments are not being made. Guidelines for child support awards have also recently been recommended.[63]

Despite these efforts, it is still true that if a non-custodial parent chooses not to contribute to the maintenance of his (or her) children or is unable to pay, the child suffers the consequences. Current child support policy thus treats children as the private responsibility of the parents. On the other hand, we offer disabled contributor's child benefits and orphan's benefits to the unmarried children of Canada Pension Plan contributors who become disabled or die. The availability of monthly benefits of $154 (1992) per child provides some insurance for children against the risk of income loss resulting from the death or incapacitation of a parent.[64] In effect, society shares in costs which would otherwise be borne exclusively by the child. The idea of advance maintenance payments is similar, providing children with some insurance against loss of income following the divorce, separation or non-marriage of their parents. Such programs have been available in European countries for many years.

Program Comparisons

France

Family support allowances have been available in France since 1970 for children with a parent who is not meeting child-support obligations. The amount paid is about $87 (1990) per child .

Germany

In Germany, a limited system of tax-free advance maintenance payments has been available since 1980. These benefits are available only to single parents who do not receive support payments required by court order. Moreover, they are provided for a maximum of only three years or until the child reaches age six. The maximum payment is $158 (1989) per month. Thus, payments are at a much lower level than those available, for example, in Sweden, and receipt of the child-support benefit results in a 50% reduction in family allowance payments.[65]

Sweden

The Swedish advance maintenance system is the oldest and most developed. Established in 1964, the basis for this system is the belief that children should not be penalized for an absent parent's inability or unwillingness to pay support.[66] In 1990, advance maintenance payments were cash benefits equal to about $284 (1990) per month per child less than 18, tax free.[67] The intent is that the cost of the advance should be recovered from the absent parent. In 1983, it was estimated that about 38% of expenditures were recovered in this way.[68] The effect of this comprehensive system of advance maintenance payments on the incomes of single mothers is striking – *100%* of Swedish single mothers received child support (either directly from the non-custodial parent or from the state).[69] Maintenance payments are as important a source of income for Swedish single parents not in the labour force as social assistance.[70]

Finland

A similar program is available in Finland, where the monthly allowance in 1990 was $103 per month. Single parents who receive less than this amount in child support from absent parents (perhaps because of the non-custodial parent's inability to pay) receive a partial benefit from the state to bring them up to the state-guaranteed monthly level.[71] These child support payments are not income-tested and are not taxable.

Canada

The fact that we do not provide *any* publicly supported advance maintenance payments is another example of how Canadian policy tends to regard children as a private rather than a public responsibility. If the non-custodial parent is unable or unwilling to pay, the child suffers the consequences. With an advance maintenance system in place, the rest of society would share this burden.

How would advance maintenance payments work? One scenario is as follows:

- Child-support payments would be set according to recommended guidelines and collected from the non-resident parent's income, just as income taxes are withheld or UI premiums are collected.
- The government would guarantee minimum child-support payments for *all* children, regardless of the income of the custodial parent, financed through general revenue.[72]

The government would pay nothing in cases where support payments above the legislated minimum are received. But, just as any child is eligible for orphan benefits, any child not receiving sufficient child support would be eligible for the advance maintenance benefits, whether his or her mother is rich or poor (i.e., advance maintenance payments are not intended to be another form of social assistance). In practice, children with higher-income custodial mothers are more likely to be receiving adequate child support because higher-income women are more likely to have been married to higher-income men who can subsequently afford to pay.[73]

Summary Discussion

The discussion of socioeconomic indicators for Canada at the start of this chapter indicated several sources of economic insecurity or strain for

Canadian families: (1) an increasing number of two-earner and single-parent families who do not have a stay-at-home mother to cope with the inevitable day-to-day responsibilities of child and home care (e.g., a sick child); (2) high rates of unemployment and growing "non-standard" employment, particularly for younger Canadians, so that fewer families can rely on a continuous inflow of earnings; and (3) extremely high levels of economic vulnerability for a growing population of single-mother families.

Many of the same social trends are evident in Europe, but the associated negative outcomes are not always present (e.g., single-parent families are not particularly poor in the European countries). One very important reason for differences in outcomes between Canada and Europe is that the European countries offer more extensive and generous policies for families. Thus, when we look for solutions to our problems, Canadians can learn much from the Europeans.

Of course, there are differences that might make simply importing policies from one country to another difficult. For example, Canada is more heterogeneous in terms of geography, language and ethnicity than the European countries studied. As well, the constitutional division of responsibilities between the federal and provincial governments seems to have made it more difficult to implement new social policies in Canada than in the other countries studied here.[74]

Obviously, the space constraints of a single chapter limit discussion to only a few policy areas. This chapter focuses on three European policies that are significantly different from those currently available in Canada, that would help to reduce economic insecurity for Canadian families and that seem most likely to have some hope of acceptance or adoption in Canada because they are reasonably consistent with some currently popular ideas about social policy in Canada. These popular ideas include (1) the belief that something should be done about high levels of child poverty; (2) the view that both fathers and mothers should try to enter the labour force to support themselves and their children; and (3) the concern that debts and deficits are out of control, and, hence, that we should not spend much more on almost anything. This chapter does not argue for or against these ideas, merely suggests that they are commonly held in Canada today. In the final analysis, we must be careful not to take currently popular ideas too seriously. One of the most important lessons to learn from international comparisons of policy is that our ideas are not the only ones possible – there really are different ways of thinking about social policy.

For each of the sources of vulnerability noted above, this review of European policies suggests at least one idea that could help and that we should seriously consider for adoption in Canada.

First, we should recognize the difficulties faced by a majority of Canadian families in balancing home and workplace responsibilities by offering more flexible maternity and parental leaves and benefits. This could remove an enormous burden of stress from Canadian families. For example, allowing parental leaves to be taken half-time (for twice as long) while parents returned to work half-time would not cost more but would increase flexibility for families. Similarly, allowing parents even a small number of paid days off for the care of children each year would make life much easier for both two-earner and single-parent families without being extremely costly. Such changes are in the Swedish tradition of expecting labour force participation of everyone. This seems more suited to current Canadian thinking than, say, a move to initiate a German-style child-rearing benefit to help support stay-at-home mothers. Child-rearing benefits would not be in keeping with the current Canadian emphasis on labour force participation for all. Not only would more flexible maternity and parental leaves and sick days for children help families, but they could also be expected to yield productivity gains that would help offset the costs as stress is removed from current employees and new workers are able to enter the labour market.[75]

In Sweden, Finland and Germany, almost all new parents are eligible for some maternity, parental or child-rearing benefits. Coverage in Canada is much narrower and shrinks as unemployment increases or non-standard employment grows. Since it is currently more difficult to qualify for maternity and parental benefits than to qualify for regular UI benefits, we should, as a first step, consider reducing entrance requirements to match those for regular UI benefits. This would extend coverage to many more new parents. As a second step, we should think about extending coverage to workers with low wages or low hours, perhaps with a flat-rate floor on benefits. This would provide maternity or parental benefits to the growing numbers of Canadians, particularly young people and women, who are in the labour force but who are unable to find "good jobs". While these changes in coverage would improve the economic security of many Canadian families, they would not involve major changes in the basic structure of existing programs. And, because UI is administered at the federal level, changes would be relatively easy to implement.

The maternity, parental and child-rearing benefits available in the four European countries studied offer higher rates of compensation for a longer period of time than those available in Canada. Thus it would be desirable to increase expenditures on programs that are so potentially beneficial to both Canadian families and Canadian employers. Unfortunately, this might be a harder policy change to sell in the current Canadian policy environment. But if we do not expand benefits, we should at least be careful that we do not move even further away from international standards, if UI is downsized and maternity benefits, as part of the UI system, are reduced at the same time.

Second, the generous family allowances available in each of the European countries studied are central to their lower rates of child poverty. Thus, we should reinstate family allowances paid monthly to all families with children Furthermore, the value of these allowances should be at least equal to the benefits currently received by low-income families. This would provide a reliable source of funds to help families with basic needs during periods of income shortfall and would be an important way of helping Canadian families face an increasingly insecure labour market. This is particularly true for young Canadian parents, many of whom are increasingly unlikely to be covered by UI.

Universal cash transfers for children are administratively simple, since no calculations of entitlement must be made. Universal cash transfers are also unlikely to discourage labour force participation because no benefits are lost as earnings increase. Evidence from the European countries indicates that generous universal cash transfers for children are very effective in reducing child poverty. Thus, a return to universal family allowances would suit the Canadian social policy environment in many ways and, obviously, would be relatively easy to implement. The increased expenditures required to improve the generosity of family allowances might be opposed as too expensive, although obviously we can spend more on families and still be fiscally responsible if we are prepared to increase taxes or to make yet more cuts elsewhere.

Third, we should design a system of advance maintenance payments for single-parent families not receiving child-support payments (or receiving only infrequent or inadequate payments). This system would help reduce the economic insecurity of single-mother families. With advance maintenance payments in place, we all share in the cost of non-payment by a defaulting non-custodial parent rather than forcing the child alone to pay.

It is important to note that many other family benefits are available in each of the European countries studied. For example, Finland, France, Sweden and to a lesser extent Germany offer much more comprehensive public child-care than we do in Canada. Housing allowances are also available in all four countries. While income-tested, these benefits are nonetheless received by 80% of single-parent families and 30% of two-parent families in Sweden.[76] There are also ideas from Europe that could help reduce the insecurity associated with high rates of unemployment in Canada. For example, all four European countries offer a second tier of UI benefits to unemployed individuals without past labour force attachment. These benefits are offered for an unlimited duration although at a lower level of compensation than the very generous basic UI benefits. (Second-tier UI benefits differ from social assistance in that individuals must be searching for work in order to qualify.) Such a program could be of particular benefit for Canadian youth.

Before concluding that any of these European policies should be considered for adoption in Canada, it is important to address the argument raised by critics of the European welfare states who claim that more generous programs necessarily mean a less efficient economy. Canada has the least generous welfare state of the countries studied here, so, by this argument, we should have the best economic performance. However, there is little evidence that this is true (see Table 3).[77] The average Canadian rate of unemployment for the period 1983 to 1991 was 9.5%, while the equivalent for Finland was 5% and for Sweden, 2.1%. Canada has had the lowest growth in real earnings, although growth in GNP per capita is comparable with the other countries. Our inflation record is better than the group average, but our deficit position is worse. Similarly, Sweden and Finland offer the most generous social programs, and thus by the reasoning above should have the worst economic records. Again, this is not the case (Table 3). Historically, unemployment rates have been lower and inflation rates higher than in Canada. Growth of GNP per capita has been better in Finland and worse in Sweden compared to Canada. Earnings growth in both Finland and Sweden has been better than in Canada. Thus, it is not obvious from the historical data that less generous social programs – such as are available in Canada – mean better economic performance or that more generous social programs – such as are available in Sweden and Finland – lead to inferior economic records.

Critics of European welfare states have been delighted to hear of economic hardship in these countries in the last few years and have gleefully announced the "death of the social democratic dream".[78] It is certainly true that economic conditions are currently extremely unfavourable in Finland and Sweden (see Table 3), but there is little evidence that welfare states are to blame. In Sweden, for example, an OECD report documents major expansions of the welfare state during the 1960s and 1970s followed by excellent economic performance with much lower rates of expenditure increases in the 1980s, which in turn was followed by poorer economic performance.[79] Other factors appear to have been more important than social programs in causing economic decline. For example, economic conditions in Finland took a dramatic turn for the worse following the break-up of the Soviet Union, which resulted in the sudden loss of 20% of Finland's export market. Economic conditions deteriorated dramatically in Sweden after a major policy shift to deregulate financial markets. Unemployment rates for Germany increased significantly after re-unification. (German data include East Germany from 1991 onward.)

Of particular interest is the fact that European family policies have remained basically untouched, despite very difficult times. In Finland, generous family allowances are a given, for all political parties.[80] Similarly, in France, "the likelihood that family policy will be spared cuts related to budgetary austerity is all the greater because of a broad political consensus on the principle of family protection."[81]

The evidence so far is that no substantive cuts are being made to social welfare programs in the European countries studied here.[82] Apparently, people in these countries believe they can still afford generous social programs even though they are not as rich as we are in terms of per-capita income; indeed, most of these programs were introduced at a time when per-capita incomes were even lower than they are today. Can we afford more generous programs? The evidence says we can if we really want to. Perhaps, then, the most important thing to take from the Europeans is a vision of "a society in which everyone is precious"[83] and social programs are a priority.

Conclusion

What can we learn from the Europeans about improving the economic security of Canadian families with children? Plenty. Although there are important differences across France, Germany, Finland and Sweden, family policies in each of these countries reflect a tradition of acknowledging social responsibility for children; Canadian policies, like those in the United States, often reflect the attitude that children are the private responsibility of their parents. Policies offered in Europe are more extensive and generous, and outcomes for families in all cases look much better than outcomes in Canada. Finally, more generous welfare states have *not* led to economic disaster – our economic record is no better in Canada despite our rather cautious programs for families.

Endnotes

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[30] OECD, *Taxation*.

[31] Organisation for Economic Co-operation and Development, *OECD Economic Surveys: Sweden* (Paris: OECD, 1994).

[32] M. Sundstrom, "Sweden: Supporting Work, Family and Gender Equality", in *Child Care, Parental Leave, and the Under 3s: Policy Innovation in Europe*, edited by S.B. Kamerman and A.J. Kahn (Westport, CT: Auburn House, 1991).

[33] OECD, *Taxation*.

[34] Since family allowances were subject to a claw-back for high-income families and were counted as taxable income for the purposes of income tax, this overstates the level of benefits available in Canada at the time.

[35] Gauthier, *Family Policies*.

[36] S.A. Phipps, "Taking Care of Our Children: Tax and Transfer Options for Canada", in *Family Matters: New Policies for Divorce, Lone Mothers, and Child Poverty*, edited by J. Richards and W.G. Watson (Toronto: C.D. Howe Institute, 1995).

[37] Gauthier, *Family Policies*.

[38] See J.R. Kesselman, "The Child Tax Benefit: Simple, Fair, Responsive?", *Canadian Public Policy*, 19, 2 (1993): 109–132.

[39] Of course, the current Canadian system could be made more responsive by income testing more often and reconciling benefits at tax time, but this would substantially increase administration costs.

[40] P. Ruggles and W. Roberton, "Longitudinal Measures of Poverty: Accounting for Income and Assets over Time", *Review of Income and Wealth*, 35, 3 (1989): 225–282.

[41] M.-G. David and C. Starzec, "France: a Diversity of Policy Options", in *Child Care, Parental Leave, and the Under 3s: Policy Innovation in Europe*, edited by S.B. Kamerman and A.J. Kahn (Westport, CT: Auburn House, 1991). Wives and daughters of insured persons can also be insured.

[42] US Department of Health and Human Services, *Social Security Programs*.

[43] David and Starzec, "France".

[44] US Department of Health and Human Services, *Social Security Programs*.

[45] David and Starzec, "France".

[46] David and Starzec, "France".

[47] Kahn and Kamerman, *Social Policy and the Under-3s*.

[48] Canada, Canadian Advisory Council on the Status of Women, *Report of the Task Force on Childcare* (Ottawa: CACSW, 1986).

[49] Mikkola, "Finland".

[50] Multiple births qualify the parents for an additional 60 days of benefits (US Department of Health and Human Services, *Social Security Programs*). Thus, total duration of benefits is 246 days for adoptions, 275 days for single births and 335 days for multiple births.

[51] Mikkola, "Finland".

[52] US Department of Health and Human Services, *Social Security Programs*.

[53] Kahn and Kamerman, *Social Policy and the Under-3s*.

[54] US Department of Health and Human Services, *Social Security Programs*.

[55] Sundstrom, "Sweden".

[56] Gauthier, *Family Policies*; Kamerman and Kahn, *Social Policy and the Under-3s*.

[57] C. Schiersmann, "Germany: Recognizing the Value of Child Rearing", in *Child Care, Parental Leave, and the Under 3s: Policy Innovation in Europe*, edited by S.B. Kamerman and A.J. Kahn (Westport, CT: Auburn House, 1991).

[58] Mikkola, "Finland".

[59] U. Waldenstrom and C. Nilsson, "No Effect of Birth Centre Care on Either Duration or Experience of Breastfeeding, But More Complications: Findings from a Randomised Controlled Trial", *Midwifery*, 10, 1 (March 1994): 8–17.

[60] L. Greene-Finestone et al. "Infant Feeding Practices and Socio-demographic Factors in Ottawa-Carleton", *Canadian Journal of Public Health*, 80, 3 (May/June 1989): 173–176.

[61] S. Phipps and P. Burton, "What's Mine is Yours? The Influence of Male and Female Incomes on Patterns of Household Expenditure", Discussion Paper 92–12 (Halifax: Dalhousie University, Department of Economics, 1992).

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[63] Canada, Department of Justice, *Federal/Provincial/Territorial Family Law Committee's Report on Child Support* (Ottawa: Minister of Public Works and Government Services, 1995).

[64] M. Hess, *The Canadian Fact Book on Income Security Programs* (Ottawa: Canadian Council on Social Development, 1992).

[65] Schiersmann, "Germany".

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[67] Sundstrom, "Sweden".

[68] Kamerman and Kahn, "Child Support".

[69] S.A. Phipps, "International Perspectives on Income Support for Families with Children", Paper (Halifax: Dalhousie University, Department of Economics, 1993).

[70] S.B. Kamerman, "Women, Children, and Poverty: Public Policies and Female-Headed Families in Industrialized Countries", *Signs*, 10, 2 (1984): 249–271.

[71] Mikkola, "Finland".

[72] Garfinkel recommends that advance maintenance be available only for children with court orders for child support. I. Garfinkel, "The Child-Support Revolution", *American Economic Association Papers and Proceedings*, 84, 2 (May 1994): 81–85. Eichler argues that all children be eligible. M. Eichler, "Lone Parent Families: An Instable Category in Search of Stable Policies", in *Single Parent Families: Perspectives on Research and Policy*, edited by J. Hudson and B. Galaway (Toronto: Thompson Educational Publishing, 1993).

[73] Garfinkel, "Child-Support Revolution".

[74] While there are federal-state government disputes in Germany, they do not appear to be of the same magnitude as those in Canada, perhaps because Germany is geographically smaller and less economically and culturally diverse. H. Michelmann, "Comparing Policy-Making in Two Federations", in *Challenges to Federalism: Policy-Making in Canada and the Federal Republic of Germany*, edited by W. Chandler and C. Zollner (Kingston, ON: Queen's University, Institute of Intergovernmental Relations, 1986).

[75] A comprehensive child-care system would be an extremely important tool to facilitate labour force participation by parents. I do not discuss this option here.

[76] See, for example, Sundstrom, "Sweden".

[77] To avoid comparing performances in any given year when countries may be at different stages of the business cycle, averages over a number of years for each indicator are reported in Table 3.

[78] P. Klebnikov, "The Swedish Disease", *Forbes* 151, 11 (1993): 78, 80.

[79] OECD, *OECD Economic Surveys*. Of course, it is true that deficits will increase when unemployment goes up in a country with generous transfer programs.

[80] Kahn and Kamerman, *Social Policy and the Under-3s*, 13.

[81] David and Starzec, "France", 90.

[82] The only major change to transfer programs noted in the 1994 OECD report on Sweden was a reduction in the earnings replacement rate for social insurance programs to 80% with the introduction of a one-day penalty without pay.

[83] Kahn and Kamerman, *Social Policy and the Under-3s*.

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The Best Income Security System We Never Had

by Michael Mendelson

This chapter does something wrong. It discusses an ideal income security system in the abstract – as if any social program could exist outside prevailing political boundaries. In fact, the history of Canada's social security system matches perfectly the twists and turns of our political sensibilities. Out of the Great Depression and the social dislocation of the war came unemployment insurance and family allowance. But, with the exception of hospital insurance, the reform agenda stalled in the conservative period of the mid-1950s only to burst forth again during the ferment of the 1960s with much of what we now identify as Canada's welfare state: the Canada Assistance Plan, medicare, the Guaranteed Income Supplement and the Canada and Quebec Pension Plans. Then in the mid-1970s, the momentum of reform reversed, beginning a long accelerating descent, a descent that continues to pick up speed right to the present.

This roller-coaster ride is not often recognized by Canadians. We like to think of ourselves as a deeply compassionate society that has long cherished a complex web of social programs, only now gradually, reluctantly and, perhaps, temporarily eroding under the irresistible weight of economic crisis. This is a myth.[1]

Far from a long-lasting fixture of the Canadian landscape, our welfare state at its height lasted just 18 years – from the proclamation of the Canada Assistance Plan and the Canada and Quebec Pension Plans in 1966 to the beginnings of the great retreat in 1984. The last decade has seen relentless and increasing cutbacks of social programs.[2] The latest round, kicked off by the 1994 and 1995 federal budgets, is only the most recent and largest of the retractions in this ongoing saga. If the trend continues, the next step will be substantial cuts in pensions.

Nor is it accurate to portray this new descent as the result of uncontrollable economic forces – globalization and new technology. While *economic* dislocation and adjustment may have resulted from forces that no single state could control,[3] our present crisis is *fiscal*, not economic. The economy in 1995 is recovering, with high levels of growth, new manufacturing businesses, profits returning and even some decrease in unemployment. Yet the fiscal crisis remains – many of our governments are still broke and are desperately looking for ways to cut deficits or to keep them from reappearing.

The fiscal crisis was created by three decisions made by specific Canadians in key positions:

- to cut back tax collection in the mid-1970s[4]
- to permit deficits to continue to accumulate during the high growth years of 1975–80 and 1983–89
- to raise interest rates and the value of the Canadian dollar in the monomaniacal pursuit of close-to-zero inflation in the midst of the 1991–92 recession.[5]

These decisions, not faceless powers beyond our border, made the fiscal crisis what it is today. Ironically, these decisions were made by politicians and bureaucrats who, for the most part, shared deeply conservative views. Amongst them was nary a wild-eyed social worker intent upon ignoring fiscal realities.

Whatever its origin, the fiscal crisis is indisputably here, and the price must be paid. The question now is, Who will bear the cost of our past mistakes? The 1995 federal budget gives a clear answer: The cost will be borne mainly by the poor and unemployed, by lower-income Canadian families and by those who use our social infrastructure of colleges, hospitals and public services.

But there is nothing automatic or inevitable about this answer. There is an alternative: to introduce a more rational monetary policy; to commit ourselves as a nation to the goal of full employment; to begin the development of a better income security system that would provide greater, not less, security for most Canadians and their families in uncertain times; and, if necessary, temporarily to increase progressive taxes dedicated to correcting the fiscal imbalance.

If we decided to begin the march down this alternative route, what might a better income security system look like?

Child Benefits

Simplificanada

In the mid-1980s, I wrote about a land called Simplificanada.[6] Simplificanada is exactly the same as Canada except that everyone contracted amnesia at the same time and all the written rules disappeared, so all laws and programs had to be redesigned from scratch. The paper asked, What kind of child benefits system would have been designed in Simplificanada? Given that this chapter is engaged in a search for an ideal system, it is appropriate to return once again to this imaginary land.

The Simplificanadians reinvent representative government, develop a progressive tax system based on ability to pay and set a fiscal plan for their government. But they soon realize that they have forgotten about families with children. Unless the Simplificanadians do something about it, families with children will end up paying exactly the same tax as families without children, although they have a reduced ability to pay. This inspires a debate: Are children solely the responsibility of their parents or are they partly a social responsibility? After much thoughtful democratic dialogue, they make a fundamental value judgement: Children are partly a social responsibility. The Simplificanadians agree that a portion of the private cost of raising a child should be borne by society.

Some Simplificanadians argue that families with children will already be partly supported through various public services, so no adjustment of the tax system is needed to reflect this fundamental value judgement. Others point out that this argument fails to distinguish between private costs of raising children and public costs. Private costs are those normally assumed by the family. Public costs are those borne by society as a whole through fully or partly subsidized services, such as universal, free education and medicare, which shift costs from the private to the public side of the ledger for families raising children. But highway maintenance, policing and hundreds of other public services also shift costs from the private to the public purse. The decision about which costs should be private and which public is made for the benefit of society as a whole, and should no more be counted as part of the social contribution toward reducing the private costs of raising children than should the value of public highways or parks be added to the income of an upper-income individual. The ability-to-pay tax system must be based on the relative ability to pay private costs – not on shifts between public and private costs.

The Simplificanadians return from this diversion to confirm their former agreement – a portion of the private cost of raising a child, say some percentage of the cost for an average two-parent family,[7] should be borne by society. So, they conclude, a family with children should pay less tax to reflect their reduced ability to pay compared to a family with no children of the same income. The amount of the tax benefit should be set to equal the social share of the cost of child rearing. Furthermore, the value judgement implies that families with no income should also receive that basic amount. The fact that they pay no income tax does not disenfranchise them as citizens – society should still pay its share of their child-rearing costs.[8]

Family Allowance

The Simplificanadians then ask themselves, What is the most efficient, simplest, easiest, cheapest, most sensible way to deliver child benefits consistent with our underlying principle?

Since they have already set their fiscal plan, any of the alternatives must be fully financed by a tax increase large enough to pay for the cost of the benefits. Because the extra tax that is collected will be returned to the country's families as benefits, this increase is not called a cost – rather, it is a redistribution of income from families without children to families with children. The only cost in an accounting sense is the administrative cost of running the program.

The Simplificanadians consider and discard the option of a tax exemption based on the number of children in a family, as it would result in higher benefits for those with greater incomes and no benefits at all for those with no incomes. They also consider an income-tested benefit, largest for those with least income and gradually diminishing as income increased until it was gone altogether at higher incomes. This system would not be fully consistent with their principle, because higher-income families with children would pay the same net tax as higher-income families without children. However, if the income-tested benefit only disappeared at very high incomes, and if families with average incomes got the full benefit, the contravention of the principle would be negligible: For people of very high incomes, the discretionary cost of raising children is a minor part of their income, so the benefit would be primarily symbolic anyway.

An innovative Simplificanadian then suggests a straightforward solution: Pay every family a flat, non-taxable benefit for each child equal to the societal share of the cost of child rearing, and call this benefit a family allowance.

Higher taxes would have to be imposed to pay for the program, and because of the progressive tax system, the highest-income families with children would pay a little more additional tax than the total of their family allowance. As with an income-tested benefit, the highest net benefit would be among the lowest-income families, and the net benefit would gradually disappear and then reverse in upper-income families. Unlike an income-tested benefit, however, all families with children would still be better off than those without in each income level, as even upper-income families with no children would pay the incremental tax. Another advantage of family allowance would be that it is the simplest and least expensive program to administer.[9] As well, vexing questions having to do with family formation would not have to be resolved. For example, the family allowance would not require individual reporting of income to be reconciled with family reporting of income (as necessary for the calculation of an income-tested child benefit), nor would the state have to work out difficult rules for midyear changes in income.

Income-tested Family Supplement

The Simplificanadians are satisfied that the family allowance most efficiently and effectively meets one of the objectives of a child benefit – equity between families with and without children – but they realize that it cannot be the only benefit paid to families in respect of their children. Even if Simplificanada enjoys full employment, and no matter how carefully designed is the remainder of the social safety net, there will unavoidably be some families who have little or no income for some period of time, and these families will need social assistance.

Social assistance must be enough to raise the children in the family. The family allowance will not be sufficient, as it is equal only to the societal share of child-rearing costs for an average family.

Families with no other resources at all who are on social assistance must be provided with the remaining portion of basic child-rearing costs. However, if social assistance pays a larger benefit than the family allowance for each child, some families working for low incomes could be worse off than those on social assistance. (This problem – that assistance must be paid according to family size while wages cannot be paid according to family size – has bedeviled many attempts to set up social security systems and avoid creating welfare traps.)

To resolve all these problems, the Simplificanadians augment the family allowance with an income-tested family supplement, at an amount set to provide approximately the cost of raising a child in dignity when combined with the allowance.[10] Because this supplement is available to everyone (through a non-stigmatizing automatic income tax delivery system),[11] the working poor are never worse off than families on social assistance. Social assistance is then paid only in respect of adults.

Combined, the family programs are a cornerstone of Simplificanada's income security system. The family allowance reinforces the fundamental value of children to all of society. The family supplement ensures that all families have a basic amount for child rearing and that people working for low incomes are not worse off than people on social assistance. It also makes a significant contribution to reducing child poverty and to improving the incomes of people working for low wages.

UnSimplificanada

Alas, Simplificanada is but a fictional land. Their rational child benefits system follows from two key assumptions about their society, and neither of these assumptions applies in Canada.

First, among all industrial countries, including the United States, Canada is virtually isolated in requiring average-income families with children to pay the same net tax as families without children. Canadians have apparently made the opposite value judgement of Simplificanadians – that children matter little to society, and therefore there is no reason for society to bear part of the private cost of child rearing. Drawing such a strong conclusion just from the absence of a universal or close-to-universal family allowance might be unwarranted if there were good programs of other kinds for children, such as an adequate income-tested family supplement for low- and middle-income families, excellent and widespread early childhood educational opportunities, generally accessible child-care of high quality, first-rate child and family social services, and excellent recreational alternatives for all children. But Canada is far behind most other developed nations in this regard, too. Sanctimonious statements about how Canadians value their children are at best inaccurate and at worst hypocritical.

Second, we Canadians cannot have a pragmatic non-ideological discussion of which program would work best, because all spending by the government is seen as equal by the media, by many politicians and even by some economists. In fact, transfer payments by governments are monies spent not by government, but by the people who get the transfer payment. This is not the same as government spending on goods and services, which is an appropriation of a part of the national product for the use of government. This difference is captured in most serious analyses of government spending, including the national accounts. A transfer payment is the same as a tax reduction, not a government expenditure.

By treating transfer payments as if they are government spending, the possibility of a universal family allowance or even a generous income-tested child benefit is virtually ruled out, because such programs are seen as too expensive. But they are only too expensive if the taxes are not raised to pay for them. If the taxes are raised and the money given back to families with children, the program does not "cost" anything (indeed it can save money in administration which would be needed for more complex systems). Rather, it redistributes income. Not raising taxes to pay for a transfer is the same as a tax reduction which a government cannot afford, such as the reductions in income taxes for upper-income Canadians introduced in the 1980s despite the unbalanced budget.

To add insult to injury, a cut in a transfer is seen as more legitimate in reducing government costs than a reduction in a tax expenditure. For example, the cost to government of the tax deduction for a maximum RRSP of a high-income Canadian is more (and in some provinces much more) than the cost to government of the total annual income of a single person on social assistance. Nonetheless, reducing the latter is seen as a cut in spending, while reducing the former is seen as an increase in taxes.

Apparently, we feel a need to keep benefits to the poor to a minimum to ensure that they make an effort to work, but we seem to have the opposite view of those who are well-off: We have to increase the subsidies for the rich to make sure they will save enough for their old age, rather than flinging it all away in reckless abandon. As John Kenneth Galbraith says with fine irony, "The comparatively affluent can withstand the adverse moral effect of being subsidized and supported by the government; not so the poor."[12]

Social Insurance Programs

Insurance – Commercial and Social

In *A Theory of Justice*, John Rawls develops a thought experiment about what is a just society. Imagine you are a disembodied spirit about to be assigned to Earth. You do not know what kind of body you will have. You do not know how intelligent you will be or whether you will have any talents, whether you will be athletic or have a disability. In Rawls' eloquent words, "No one knows his place in society, his class position or social status, nor does anyone know his fortune in the distribution of natural assets and abilities, his intelligence, strength, and the like."[13] If you were such a disembodied spirit, into what kind of society would you want to be assigned? According to Rawls, a knowledgable disembodied spirit would select a just society.

Social insurance is like the Rawlsian world. It is an insurance we "buy" before we are born. In this sense, society as a whole decides that everyone will have insurance. To understand this concept, we need to understand the difference between social insurance and commercial insurance.

The market for commercial insurance works because people have a declining marginal utility of income -- the more income you have, the less important each additional dollar is to you. As a result, many people are willing to pay a small amount of money now to insure themselves against the risk of a much larger loss in the future. If there were no profit and no administrative cost, the insurance premium would be exactly equal to the probability of the loss against which the insurance is purchased, at the time the insurance is purchased, multiplied by the amount of the possible loss. In other words, the premium would be equal to the benefit that could be paid divided by the probability of getting the benefit. In reality, there is both profit and administrative cost, as well as uncertain knowledge of probabilities, so the premium is, for most people, many times greater than the amount in a "perfect" insurance. Nevertheless, buying insurance is still an attractive proposition for many people because it is better to pay a relatively small, affordable amount now than to risk losing a large amount in the future.

A natural insurance market exists wherever there is the risk of such a loss for some individuals within a larger group of individuals, not all of whom will experience the loss at the same time. Contrary to popular conception, the insurance market does not work by betting against losses occurring: Rather, it works by balancing the people who will collect a benefit against those who will not. It is a pooling of risk among policyholders.

In a market economy, companies form to take advantage of the natural market wherever it is possible to offer an insurance product. As with the voluntary purchase of any product, both the buyer and the seller of the insurance will be better off due to the exchange, and thus this exchange adds to the wealth of society. But the opposite also applies. If insurance is not available even though a possible large loss exists, this lack subtracts from the wealth of society. Unfortunately, the commercial market for insurance cannot function in a number of circumstances, and these circumstances are where social insurance comes in.

If the event that causes the loss is widespread (such as an earthquake), it is difficult and sometimes impossible to buy insurance. In considering such an event, the insurer cannot pool the risks to balance the winners against the losers, because all people may be losers at one time.

The irony of the insurance market is that it is therefore often impossible or prohibitively expensive to purchase commercial insurance for the events for which it is most needed. In particular, there can never be an adequate commercial market for unemployment insurance because unemployment can affect a whole economy at once. As we know only too well, unemployment is most prevalent when it is most widespread over the whole world.

A second circumstance when insurance markets break down is when they separate into higher and lower risk categories. If people with higher risks cannot be identified and charged commensurately higher premiums, then lower-risk people will be subsidizing them through their premiums. In this circumstance, lower-risk people will naturally look for an insurer who only covers low-risk people in order that they can pay lower premiums, leaving high-risk people isolated in an increasingly expensive insurance plan. Thus, the market begins to separate into risk levels, and insurance becomes very expensive or even unavailable for some people.

In the extreme, if higher probability of risk is known at birth, there is never a time *in a person's lifetime* when risk can be pooled with others. This means that congenital disability – and disability is second only to unemployment as a risk to earning income – is uninsurable. Also, because there is no way for insurance companies to obtain sufficient information to charge higher premiums for higher risk of disability during a lifetime, it is often impossible or prohibitively expensive for an individual to purchase adequate disability insurance. For this reason, the commercial market for disability insurance is limited largely to group purchases for conditions that are not pre-existing. Group purchases are possible because the groups are preselected on a basis other than that of risk (e.g., all employed by the same company) so there is a built-in form of risk-pooling.

Thus, for two of the main risks in the lives of most people – disability and unemployment – it is difficult and perhaps impossible to provide private insurance. The lack of insurance reduces the wealth of society and exposes people to risks that they would rather not have. Most people would gladly pay a reasonable premium to protect themselves from at least some of the income loss that would occur in these events. Social insurance schemes are the way to accomplish such protection.

Social Insurance for Unemployment and Disability

In the ideal income security system, social insurance programs offset income loss from the main risks facing ordinary people.[14] These programs charge fair premiums based on average risk. Average risk might be for people in society as a whole or for people in a particular geographic location or type of industry, depending on the specific insurance.

For risks that entail interruption of the earnings stream (e.g., unemployment), social insurance should provide for reasonable continuity of income for an appropriate length of time for most people. In this case, contributions are related to income and thus to potential benefits. Benefits should preserve continuity of income up to some reasonable level above average income – on the assumption that those far above average income can afford a discontinuity of income with relatively less sacrifice. For risks that make it difficult to establish a full earnings stream in the first place (e.g., congenital disability), a flat rate benefit is appropriate, with contributions based on ability to pay or whatever is the normal tax criterion for the society at the time. In the case of either type of risk, in a fair social insurance program people will have paid for their benefits, and these will be as much entitlements as are the benefits paid by a private insurer.

In addition, social insurance programs can play a vital role in lessening resistance and enhancing positive adaption to economic change. When people are confronted with danger, they take one of two elemental responses: stand and fight or run and hide. Similarly, when confronted with economic change, we can fight with a proactive response that will keep Canada a competitive, high-wage nation or we can set up trade barriers, manipulate the value of our currency and take other measures to attempt to insulate ourselves as a collectivity against change.

As the experience of many nations has shown, this latter strategy will not work. There is nowhere to hide. If we are to remain a nation with one of the highest standards of living in the world, we must respond to the challenge of international competition, including accelerating globalization and technological change.[15]

It is to the benefit of all that there be openness to change – a positive response to these economic forces. But it is ridiculous to expect people who could lose everything, who could be thrown on the street, unemployed, with little or no support, to be open to change. If we are to be a nation that adjusts rapidly and remains competitive without immense social division, the burden of change cannot be borne solely by those who are the victims of economic dislocation. By pooling the risk of unemployment throughout the economy, unemployment insurance spreads the burden of change more widely. In reducing the risks of change for individuals and their families, social insurance programs can play a critical role in lessening resistance to change.

This does not mean that the only benefit of a social insurance program must be cash payments. Certainly, cash payments must be part of the benefit, but if risks are to be offset as completely as possible, employability must be enhanced during the life of the insurance benefit. Training, upgrading, moving expenses and the whole array of meaningful assistance toward successful adjustment should be part of the mandate of unemployment insurance. Similarly, other social insurance schemes should provide benefits that remove the conditions of risk as well as pay substitute income.

Returning to the Rawlsian choices, we would want a world where social insurance programs existed to protect us against at least part of the losses inherent in the main risks we face, if this protection could not be provided in any other way. Reflecting this perspective, Beveridge, in the famous report that laid the foundation for what we used to think of as the welfare state, did not see social insurance plans as government programs; he saw them as separate self-financed programs to protect people from ever needing government help.

Canada's Failure to Implement a True Social Insurance

Canada's main and most important social insurance plan, unemployment insurance (UI), was never administered and directed by a separate non-governmental board, despite its original conception as a commission. Instead of keeping UI as an independent program self-financed over the longest run of the full business cycle, UI was absorbed into government. It became a vehicle for paying for new programs, such as special regional benefit packages. At the same time, benefits for many ordinary workers were below a level that could provide reasonable expectations of continuity of income, premiums were higher than warranted for potential benefits for most workers, and payouts were treated as government largesse rather than earned entitlements.

The erosion of UI as a social insurance feeds upon itself. Workers in industrial Canada see little fairness in paying high premiums for special benefits in other parts of Canada, far different and greater than those to which they are entitled. As benefits are reduced for average working families, and as a perception grows that some people are using UI to support periodic employment with little change, support for UI is further eroded and the program is less and less identified as a social insurance.

Without a separate Board empowered to take decisions to run the program, the deficits of the fund are increasingly viewed as just another part of the government deficit and not as an automatic stabilizer that could maintain purchasing power and incomes during a downturn while collecting surplus during upturns.

At least in the case of unemployment there was an attempt to establish a social insurance, but for disability there has never been a coherent approach. Workers' Compensation does act as a social insurance, but it is limited to disability caused on the job. The Canada and Quebec Pension Plans and a hodgepodge of private and semi-private arrangements provide some assistance. People employed by larger firms usually have access to private group disability insurance. Yet, the main program for people with disability in Canada remains social assistance.

The ideal income security system requires the institutional establishment of separate quasi-governmental or non-governmental self-financing social insurance programs to ameliorate the consequences of many of the main risks facing ordinary Canadians. Instead, we have systematically robbed our social insurance schemes of independence, loaded them with special benefits unrelated to a reasonable measure of risk and reduced their benefits so that they often cannot provide the income continuity combined with adjustment assistance that should be their basic purpose.

Last Resort Programs

The Ideal Income Security System in a Full-Employment Economy

"The best income security program is a job." This is a commonly expressed bit of rhetoric, carrying its fair share of hypocrisy. Loosely translated, it usually means, "There will be cutbacks in income security programs." Nevertheless, let us take the rhetoric literally and see what an ideal income security system could look like if there were much lower levels of unemployment.

Income security programs would still be needed. As discussed above, family allowances would be required to ensure equity between families with children and those without. In addition, some form of income-related family supplements would also be needed, because wages cannot be paid according to family size.

Also, there will always be some unemployment in a modern economy, as new workers enter the labour market to search for jobs, firms close and others open, people decide to look for new and better opportunities, and all the other changes and adjustments that are needed in a healthy economy occur. Other contingencies that may reduce income from earnings, such as disability, will still affect people. Thus, society as a whole remains better off if it has a range of social insurance programs that allow people to pool their risks and protect themselves.

In a world of fuller employment it would be easier for workers to get increased wages – which is fine as long as there is real wealth, either in the form of higher productivity or a redistribution of money, to pay for increased wages. But if wage increases are not paid for out of real wealth, the result will be an increase in prices – in short, inflation. Workers will not experience any increase in purchasing power and the economy will be destabilized. For these reasons, a fuller employment economy would need to be sustained through an agreement, formal or informal, between labour, employers and government to co-ordinate and moderate wage demands in return for institutions to support and protect families in the economy.

Minimum Wage Versus Income Supplementation

One of the social benefits contained in such an agreement would undoubtedly be a requirement that income from work not be below a socially acceptable minimum rate of earnings. A reasonable minimum would be an amount sufficient to allow any person working full-time to support himself or herself at a level of basic dignity consistent with the norms of the society at the time.

There are two ways to ensure socially acceptable minimum earnings from work. A minimum wage could be set at the level of the social minimum. Alternatively, a general low wage income supplementation program, to compensate for wages below the minimum, could be established.[16]

While these two alternative methods have similar first-round effects on income for people in low wage jobs, they have very different social and economic consequences. Most fundamentally, a general low wage income supplementation program socializes the cost of ensuring that no worker gets less than the socially acceptable minimum level of earnings. In contrast, the minimum wage internalizes the cost within firms and therefore within their price structure. With a minimum wage, the cost of the social minimum is reflected in the price of labour paid by the employer and must then be included in the price of the products produced. In contrast, government-paid supplementation for low wages is supported by taxes; therefore, the cost of the social minimum is not reflected in the prices of products.

Thus, with a government-paid income supplementation scheme, the products produced by low-income workers are cheaper for consumers, since these products do not reflect the true costs of making these goods. As a result, consumers buy more of these products, expanding the market for low-wage, income-supplemented jobs and attracting investment and entrepreneurship. This in turn means government must pay more supplements. At the same time, consumer demand is diverted from products produced with higher, unsupplemented wages, attracting reduced investment to the higher-wage areas of the economy.

As the demand for goods produced with subsidized labour increases, relatively more jobs are created in the lowest paying sectors – inevitably increasing insecurity, decreasing job-related benefits and increasing costs to social programs as well as the cost of the supplementation itself, while decreasing government revenue. The result overall is a poorer country with fewer well-paying jobs.

A wage supplementation program distorts the economy and reduces economic growth and productivity. In contrast, because the cost of a minimum wage is reflected in prices, a minimum wage reduces relative levels of demand for goods produced with low-wage labour, increases investment in higher-wage areas of the economy and induces a search for greater labour productivity.

It is often argued that the trade-off against these benefits of a minimum wage is that there will be more jobs – albeit low-paying jobs – without a minimum wage. In fact, the empirical evidence is decidedly mixed.[17] But even the theoretical argument that there will be more jobs without a minimum wage is usually a comparison of minimum wage versus no social minimum at all. This is not an alternative available in a full employment economy with a social bargain between employers and employees. If society makes the decision to ensure a socially acceptable minimum rate of earnings, the issue is a pragmatic one of how best to provide it –

through a minimum wage or through a government subsidy. The relevant comparison is the implication for job creation between these two alternatives, not between the minimum wage versus nothing at all.

In the case of a government wage subsidy, taxes would have to be raised to pay for the supplement. If the supplement and the alternative minimum wage have about the same effect on income for low-wage workers (i.e., the wage subsidy would bring low-paid workers up to what would have been the minimum wage), then the costs would be roughly similar. In the case of the minimum wage, these costs are reflected in the products produced and so are paid directly by consumers, reducing their demand for these goods. However, the same costs would have to be collected in taxes to support the alternative of a government wage subsidy. These taxes would also reduce the consumer demand of the people paying the taxes.

There is no self-evident theoretical argument to suppose that the job creation effects of a government wage subsidy would be inherently superior to a minimum wage when the effects of the public financing required are taken into account. A *reductio ad absurdum* example can illustrate this reasoning: If government wage supplements unambiguously expand employment, why not subsidize everyone in order that employers need pay only a small portion of any wage bill and there would be huge job creation? The fallacy in this reasoning is self-evident – we have to pay the taxes to support the subsidies. As always, we cannot get rich by taking in our own laundry.

If one then goes further and looks at the dynamic effects on the economy – in terms of the types of jobs created, the security of higher-paying versus lower-paying jobs and the kinds of investment the economy is likely to attract – a minimum wage appears preferable. Therefore, in the ideal income security system, a minimum wage would be the technique used to achieve a socially acceptable minimum rate of earnings.

The Participation Wage

Inevitably, even in a world of full employment with good social insurance, a family allowance, a family supplement and a decent minimum wage, some families would still fall through the cracks, finding themselves without income or alternative resources. Families break up, sudden deaths occur, an older worker with few skills becomes unemployed over a long term – all these kinds of eventualities and many others would still happen. A social assistance program would be needed for these families. It would provide a last resort safety net that ensures everyone has at least basic necessities within the norms of the society. Of course, in the context of very low unemployment and the other programs of the ideal income security system, social assistance would be truly a residual program, with only a very few families relying on it at any time. As a consequence, it would be much less expensive than is social assistance today.

A family earning minimum wage could always support itself, regardless of family size, because of the family allowance and the family supplement, and would not require any further income-related assistance or supplementation. As assistance would never be needed in respect of children, the new social assistance program could be thought of as "for adults only". Also, only people working part-time or not working would require additional income through social assistance. Here is a great opportunity to do away with passive welfare as we have known it for the last 50 years or more. It would not just send out money and write it off as a loss. Rather, it would take advantage of full employment, a minimum wage and the family allowance and supplement to reconstruct social assistance altogether. This new type of social assistance could be a "participation wage" that would complement the minimum wage and become part of an active income security system.

The participation wage would be treated as a wage. Rather than a passive program under which cheques are paid to those in need and little else is done for them or expected of them, the ideal social assistance program would offer opportunities to use the participation wage while obtaining training or other skills. It would also impose obligations to accept reasonable employment, to take steps to become more employable or to make an alternative social contribution (except, of course, if the person is too ill to participate).

Acceptable participation could consist of many different types of preparation for employment or alternative forms of social contribution, from formal training and upgrading to caring for a dependent elderly parent. The definition of participation would depend upon the social conditions and requirements of the time.[18]

But if attaching an "active" label is to be more than just another empty slogan, real training and upgrading opportunities must be available to most recipients. Intensive counselling and life skills will be needed. Literacy, apprenticeship and classroom space are required. There will have to be a whole range of well-designed, properly financed, attractive and relevant training programs. Supporting services, in particular child-care, would also have to be available. This all costs money.

As anyone involved in today's social assistance system knows, there is nothing cheaper than just writing a cheque and forgetting about the recipient. An active system will be much more expensive than a passive system. The required investment would have to be made in training and upgrading and in the social supports needed to take advantage of these opportunities. This will not save money: it will instead require more money. Any promise to convert social assistance from a passive program to an active program and save money at the same time is either untrue or an attempt to disguise cuts in social assistance support.

Of course, it is also reasonable to be concerned about any system that imposes obligations upon recipients of social assistance. Such obligations can and have been misused to penalize recipients, to cut or deny benefits, and to demean recipients by interfering in their personal life. To prevent misuse, the obligations of the participation wage would be modeled on collective agreements providing "job offer guarantees".

The participation wage would use a strict reverse onus test; that is, it would be up to the government (in the role of "employer") to prove that a job, a training opportunity or another acceptable social contribution was available. The government would then have to prove that such an opportunity was being refused; it would not be up to recipients to prove that they could not find a job or other opportunity. Proper procedural safeguards would also be needed throughout the system.[19] If, after due process, the government could prove that a recipient had refused a reasonable opportunity, the participation wage would be denied – perhaps with some very minimal subsistence payment as the alternative. The state would then be effectively released of its obligations.

Workfare

Much has been written and said about "workfare" recently, but the term remains ambiguous.[20] For some, workfare means that recipients of social assistance have an obligation to accept a reasonable job should one be available. This form of workfare is already in place for most social assistance recipients today and is what is advocated here for the participation wage.

On the other hand, workfare may be used to mean a system under which social assistance recipients are forced to take so-called jobs for which they are not paid, their only compensation being social assistance. This form of workfare is a very old game that has failed many times. It was used over two hundred years ago when "indoor relief" – popularly known as poorhouses – replaced the Speenhamland system of "outdoor relief". Since then there have been many similar attempts. Then and now, this approach is unworkable and unacceptable.

It is unworkable because, among many other reasons and contrary to the expectations of its proponents, it is extremely expensive for the state to provide anything that can reasonably be called a job. There are always supervision, equipment, transportation and other costs, even if the only compensation paid to those doing the "jobs" is social assistance. If such employment is within any market, enterprises with no wages compete against private businesses that must pay at least minimum wage. Because such unfair competition is unacceptable in a market economy, enterprises with no pay but social assistance are expected to function in a shadowland producing goods that are not normally sellable at market rates.

With a few rare exceptions, resulting from the unusual entrepreneurship of a particularly dedicated individual, the jobs never pay for themselves or even for their overhead costs, and the enterprises require huge subsidies.[21] Moreover, again with a few rare exceptions usually dependent upon particular individuals, these jobs are often dead end, demoralizing and of little value in preparing anyone for the labour market. It would be much more sensible to spend available money on good training programs to prepare people for real jobs in the marketplace.

A third possible meaning of workfare is becoming increasingly popular in the United States, where recipients are simply cut off after a certain length of time on assistance. This is not workfare at all – it is just the elimination of the last resort safety net. This abandonment clearly has no place in the "ideal" income security system.

The first type of workfare would be part of the ideal income security system, as it is in today's system. Unlike the imaginary fuller employment world of the ideal system, today's level of unemployment means that the obligation to accept work is not very meaningful. But even in an economy with much less unemployment, this rule would only rarely need to be enforced. As anyone who has been near the front line of the social assistance system will tell you, almost everyone who has any reasonable expectation of getting and holding a job will grab it as quickly as possible. A steady job with dignity and self-respect is the ardent dream of almost all social assistance recipients.

Typical is the attitude of an ex-recipient interviewed in the Toronto Star:

> Wendy Joseph, who proudly announced yesterday that she earns "between $24,000 and $26,000 a year" organizing conferences, said one of her greatest thrills is paying for her prescriptions without her welfare benefit card. "It's the nicest feeling. Because when you give them that card you feel like people look at you and think "Oh, another one."
>
> [When you pay yourself] you feel so good, so good. I took my daughter to the dentist for the first time. I paid for it. *I* paid."[22]

The minority who are not desperately looking for a way out of social assistance are usually in very ill health or extremely difficult to employ – lacking basic skills such as literacy or suffering from substance addiction, extreme desocialization or other problems. The requirement in these cases is not punishment. Punitive measures do nothing positive and potentially much negative. Instead, what is needed is intensive counselling, training, reschooling, improved life skills and other opportunities.

For those very few people who are truly malingering by choice, society has both the right and the responsibility to refuse the participation wage.

The Design of the Participation Wage

The participation wage should be designed to integrate fully into the labour market and to resemble a wage as closely as possible. Therefore, the participation wage could be established at an hourly rate, set as a percentage of the minimum wage multiplied by the length of the normal work week, to make it as close as possible in form to a regular wage and to ensure that it has a continuing relationship to regular wage employment. It would be subject to the same tax regime as any income of that level, regardless of source.

The participation wage would be reduced as earnings increased so that anyone working full-time would not be entitled. For people working part-time, deductions would be calculated based on the simple principle that an hour of minimum wage earnings reduces the participation wage by the equivalent hour. This means that where there are earnings from a part-time job, the reduction in the participation wage would be calculated by deducting the number of hours a person would have worked at minimum wage to earn that part-time income.

For example, if the normal working week is 40 hours and the minimum wage is $7 per hour, someone working 10 hours at $14 an hour would have their participation wage reduced by 20 hours (equal to $140 divided by $7 per hour). So if, say, the participation wage were $6 per hour, or $240 per week, this person would now receive $120 per week in participation wage and $140 per week in their own wages. It follows that anyone working the normal work week for at least minimum wage would not be entitled at all. The result is that anyone is better off working, part-time or full-time, than not working.

Not only could the participation wage be "for adults only", it could treat each adult as independent for purposes of calculating their benefit eligibility, although it could also be designed to resemble more closely the current system's treatment of family units. Current social assistance programs reduce benefits payable for the second adult. This means that social assistance administration must become involved in family formation and in "bed checks" to try to enforce rules disallowing a spouse from being in residence. The inherent inability to enforce these rules fairly is increasingly being compounded by conflicts with the Charter of Rights, by new forms of families and by the expectation that the state will not interfere in people's private lives. Nonetheless, if society insisted upon paying less to a second adult based on shared residence, a participation wage could easily accommodate it – it would just be a matter of providing a lesser "hourly rate" for each adult in a two-adult family.

The participation wage would not require the categorization of people into groups such as "unemployable" or "disabled". All recipients would have the same right to be offered training or other opportunities and the same obligations. Nor would there be within this last resort program any special supplemental assistance for the disabled or any other category of recipients.

Particular supplemental needs of people with disabilities would be met by a disability resource program, a proposal developed by the Roeher Institute. The program would provide the specific disability-related requirements of individuals through a non-means-tested program. The disability resource program would "not be a basic income support program. Instead, disability-related policy and programs would be removed entirely from a welfare framework. ... Individuals with disabilities whose income for basic necessities falls below an acceptable social minimum would, like other persons and on equal terms, have access to welfare programs".[23] This approach is much more consistent with the aspirations of persons with disabilities, who do not want to be treated differently from others or lumped into a category called "unemployable" and written off for potential employment.

The Incentive to Work

The ideal income security system is based on a different view of what motivates people to get and keep a job than is usually assumed in proposals for new income security programs. In the last three or more decades, most proposals have been obsessed with "marginal tax-back rates" – the rates by which social assistance is reduced when a recipient earns income.

For example, if social assistance is reduced dollar for dollar when outside income is earned, it is known as a 100% marginal tax-back rate; if social assistance is reduced by 50 cents for each dollar earned, it is a 50% marginal tax-back rate; and so on. A 100% marginal tax-back rate provides no economic incentive to work, unless the amount a recipient can earn is more than total assistance. A 50% rate, on the other hand, provides some economic incentive, no matter how little the recipient earns.

The proposed participation wage implicitly contains very high but never 100% marginal tax-back rates. The actual marginal tax-back rates depend upon the percentage of minimum wage at which society decides to set the wage. For example, if the social wage is set at 80% of the minimum wage, then a recipient working part-time would have an effective marginal tax-back rate of 80% for the participation wage.

The fixation with lowering marginal tax-back rates to persuade people to work is a hangover from the time of passive income security programs – when it was thought that the only relationship anyone should have with recipients was to pay them money, with passive financial incentives cleverly designed into the benefits scheme. Passive financial incentives would lure recipients away from a life of indolence without anyone actually having to talk to them, teach them, provide counselling, promote literacy or any of the other array of opportunities needed in an active program.

The obsession with marginal tax-back rates is based on a one-dimensional model of human behaviour. It assumes that people are simple economic beings who maximize their consumption and minimize their work. While this is undoubtedly one aspect of human behaviour and a useful analytic technique when looking at how these theoretical beings would act, it is far from a complete description of people in the real world. For most people, work is a critical part of our social existence and necessary to our well-being. It provides self-worth and a sense of contribution to society. Most people want to work.

Designing our income security system according to only one discipline's (i.e., economics') simplified model of human behaviour is like trying to build a car using only physics and ignoring every other science, such as chemistry, engineering, and metallurgy. People's behaviour is, of course, much more complex. A simple test is available: In the bad old days there was 100% marginal tax-back rates on social assistance in many provinces, but there was still huge and rapid turnover in Canada's social assistance system, as most people left as soon as possible anyway. Anecdotally, people in the field say that the turnover rates are much more sensitive to social factors, such as the definition of disability, and economic conditions, like the amount of unemployment, than anything else. This behaviour does not accord at all with the simple economic model.

The ideal security system approach explicitly rejects the idea of a guaranteed annual income (GAI). The GAI is a chimera whose pursuit has for many decades distracted policy makers from realistic improvements in the income security system. For example, Manitoba experimented with a GAI in the early 1970s, and as a direct consequence put off taking the steps necessary to reform its outdated two-tiered social assistance system. Most of the proposals for a GAI are based on the premise that there is one and only one objective for income security programs: the reduction of poverty. This premise ignores the issues of security and continuity of income for ordinary Canadians. It also ignores other objectives such as equity between families with children and those without.

The GAI is really the mother of all passive income security programs. The core idea of the GAI is that it is a simple, unified system that relies on passive economic incentives. As such, it has all the failings discussed above.

Back to the Real World Once Again

In a world of fuller employment, an active last resort program based on a participation wage related to the minimum wage would be affordable and realistic. This last resort program would fit with a decent minimum wage, family allowance and family supplement to ensure that all Canadians had at least the minimum needed for basic necessities, commensurate with the standards of our society. But this vision of an ideal income security program is not possible in Canada today. Not only are we far from any circumstance that might be thought of as everyone having a job, we have apparently given up on the objective of decreasing unemployment. In the most recent federal budget, unemployment levels were forecast, without apology, to remain at or above nine per cent for the next two years.[24]

In the economic statement preceding the budget, the federal government ventured the argument that unemployment at or above eight per cent was now the "non-accelerating inflation rate of unemployment".[25] The so-called NAIRU is the level of unemployment that, it is argued, is needed to ensure that workers do not increase their demands for improved wages and thereby set off a round of wage–price inflation. By accepting an eight per cent level as the NAIRU and adopting the policy goal of low and non-accelerating inflation, while coming forward with no proposals to adjust the NAIRU through national goalsetting or other mechanisms, the government of Canada is endorsing eight per cent as the minimum level of unemployment that Canada should achieve – *ever*. The implication for Canadian economic policy is that if the economy ever created enough jobs to get unemployment below eight per cent, the government would take steps to slow the economy and increase unemployment.

Most remarkable has been the lack of interest by commentators in this new policy. This disinterest might reflect a general resignation and a sense of the impossibility of addressing unemployment. But mainstream economists are arguing that it would be possible to increase employment by lowering interest rates.

The resignation to unemployment levels that would have been unimaginable in the 1950s is reminiscent of the Great Depression. During much of the Depression, governments were able to ignore the issue of unemployment (while of course saying they were doing everything possible) despite levels reaching 30%. Only after the election of Roosevelt in the United States did Canada begin looking for real solutions – and it was only the Second World War that finally ended the Depression. Polls to the contrary, Canadians seem to have decided that unemployment is not the real priority, at least in the sense of expecting anything to be done, and are apparently content with current high levels of unemployment extending into the foreseeable future as long as government pays lip service to the problem of unemployment. After all, the employed majority remain the majority at the election booths.

High levels of unemployment mean that any adequate level of minimum income provided through a participation wage would be extremely expensive. It is unlikely that a harassed and worried Canada would be any more willing to support such a program (from which, unlike the family allowance and the proposed income-tested family supplement, the majority would never benefit) than it is willing to force the government to come up with a real plan to reduce unemployment or even to pretend to have a goal of full employment.

Equally important, with high unemployment, active income security programs are at best extraordinarily expensive with a much reduced cost–benefit ratio. An attempt to implement active programs in such a context would result in bitter failure and disappointment – as people are trained for jobs that do not exist, as social assistance recipients are given privileged access to subsidized jobs and displace workers competing on the open market without subsidies, and as demoralization replaces the enthusiasm needed to implement active programs that work.

To rephrase the cliché – the best income security program is only possible if there is a job. The ideal income security program cannot exist without a commitment to fuller employment and a plan to get there.

Conclusion

The development of an income security system should be seen as work in progress. If the values are right and the various interests and sectors of society have a positive shared vision acknowledging others' points of view, then any specific proposed ideal income security system is not as important as the continuing process of attempting to refine and meet common social goals. With shared objectives, if one program is not working right, it can be changed and another tried.

In the mid-1960s when more Canadians shared a common view of our social goals, development proceeded quickly. But in the mid-1990s we appear to be in the midst of a fundamental change – the federal government is abandoning its role in many social programs altogether. Ottawa is giving up on using its spending power to protect those who are most vulnerable and to shape Canada's social assistance programs. The provinces will have varied responses to their new role as the sole guardians of social policy at a time when they are also struggling with their own fiscal problems, vastly compounded by Ottawa's downward shifting of the deficit.

Our neighbour to the south is contemplating slashing its already weak income security system. In the United States, the only government program expanding rapidly is the prison system. Among other "reforms" being contemplated is to deny its citizens any assistance at all after five years. What these people and their families will do is unstated. Even with less unemployment than in Canada, there is not a job for everyone who wants one in the United States. The result must be a choice between starvation, begging and crime.

While the politics of race and our differing history mean that we are not the same as the United States, Canadians are not immune. Already, Alberta and Ontario have cut social assistance, leaving hundreds of thousands of children hungry, poorly clothed and ill housed in our astonishingly wealthy nation. With the changes introduced in the 1995 federal budget, we will have one of the most parsimonious income security systems in the developed world. We will be perhaps the only country to have eliminated the national role altogether in last resort assistance programs. We will be much more similar to the United States than we have ever been before –

a country with few protections for its families, unlike any European countries.

We are making an historic choice about the future of our country. So far it is not a choice for a modernized, improved social security system. It is instead a decision to make the poor, the insecure, the unemployed, bear the heaviest burden of paying off the debt accumulated by successive governments since the mid-1970s and added to by the Bank of Canada in the early 1990s.

If we decide instead to take a path toward a renewed income security system – to provide better mutual protection for Canadian families against insecurity and greater opportunity and help for those who are the victims of change – we can develop a new, ideal system of income security, either the one outlined here or another vision. Necessarily, progress will occur incrementally, and plans that look good on paper may not work out so well in real life. But if the goal is understood, the first steps are not that important – whether those steps include a family supplement or an earned income supplement, a participation wage or some other form of social assistance reform.

For Canadians interested in the ideal income security system, the problem today is not the specifics – the problem is that for many policy makers, the "ideal" system seems to be none at all.

Endnotes

[1] M. Valpy, "The Myth of the Myth of Canadian Compassion", in *Family Security in Insecure Times, Vol. I*, (Ottawa: Canadian Council on Social Development, 1993), 181–205.

[2] K. Battle, "Social Policy by Stealth", *Policy Options*, 11, 2 (March 1990): 17–29; K. Battle and S. Torjman, *Federal Social Programs: Setting the Record Straight* (Ottawa: Caledon Institute of Social Policy, 1993); M. Mendelson, *Social Policy in Real Time* (Ottawa: Caledon Institute of Social Policy, 1993).

[3] J. Maxwell, "Globalization and Family Security", in *Family Security in Insecure Times, Vol. I*, (Ottawa: Canadian Council on Social Development, 1993), 19–55.

[4] D. Wolfe, "The Politics of the Deficit", in *The Politics of Economic Policy*, edited by G.B. Doern (Toronto: University of Toronto Press, 1985). See also H. Mimoto and P. Cross, "The Growth of the Federal Debt", in *Canadian Economic Observer* (Ottawa: Statistics Canada, 1991), 3.1–3.18.

[5] E. Stokes, "Has Monetary Policy Been Too Tight?", in *Canadian Business Economics* (Ottawa: Canadian Association of Business Economists, 1992).

[6] M. Mendelson, "The Optimal Child Benefit System", in *Report of the Policy Forum on Universality and Social Policies in the 1980s*, edited by A. Green and N. Olewiler (Kingston, Ontario: John Deutsch Institute for the Study of Economic Policy, 1985).

[7] In 1993, average family income for a two-parent couple with children in Ontario was $71,153; average income for single-parent families was $36,477; (see *Fair Taxation in a Changing World* (Toronto: Ontario Fair Tax Commission and University of Toronto Press, 1993). Average income is often thought to be much lower, because statistics usually include single adults with no children, many of whom have very low incomes. As well, because of large regional disparities in incomes in Canada, an average for the whole country may be misleading in any given region.

[8] This argument is similar to that made in *Fair Taxation in a Changing World*, 302–307. The Commission favours in principle a universal family allowance, but agrees that an income-tested child benefit might be a necessary compromise.

[9] M. Mendelson, *The Administrative Cost of Income Security Programs: Ontario and Canada* (Toronto: Ontario Economic Council, 1979).

[10] For a rigorous exposition of the child-related family supplement, see K. Battle and L. Muscynski, *One Way to Fight Child Poverty* (Ottawa: Caledon Institute of Social Policy, 1995).

[11] The National Council of Welfare, among others, has recommended a child-related earned income supplement paid only to families not on social assistance (*A Blueprint for Social Security Reform*, Ottawa: National Council of Welfare, 1994). This solves neither the problem of preferential treatment of people on social assistance compared to the working poor nor the problem of income below socially acceptable standards for working-poor families.

[12] J.K. Galbraith, *The Culture of Contentment* (New York: Houghton Mifflin, 1992), 15.

[13] J. Rawls, *A Theory of Justice* (Cambridge: Harvard University Press, 1971), 12.

[14] For a discussion of the importance of insecurity to Canadian families, see D. Bellemare, "The History of Economic Insecurity", in *Family Security in Insecure Times, Vol. I*, (Ottawa: Canadian Council on Social Development, 1993).

[15] Maxwell, "Globalization and Family Security".

[16] The proposed income-tested family supplement is not a general income supplementation, since it is available regardless of whether a person works and is paid only in respect of children.

[17] D. Card and A.B. Krueger, "Minimum Wage and Employment: a Case Study of the Fast-Food Industry in New Jersey and Pennsylvania", *American Economic Review*, 84, 4 (1994): 772–793.

[18] The term "participation" is borrowed from the proposal by Tony Atkinson for a participation income program in the United Kingdom similar to the one proposed here. T. Atkinson, "Participation Income", *Basic Income Research Group Bulletin*, 16 (July 1994): 7–11.

[19] Reciprocal obligation was also recommended by the Ontario Social Assistance Review Committee report *Transitions* (Toronto: Queen's Printer, 1988).

[20] For a discussion of various types of workfare, see P. Evans, "From Workfare to the Social Contract: Implications for Canada of Recent US Welfare Reforms", *Canadian Public Policy*, 19 (1993): 54–67.

[21] For discussion of some interesting historical attempts to make welfare pay for itself see J.A. Garraty, *Unemployment in History: Economic Thought and Public Policy* (New York: Harper and Row, 1978).

[22] *Toronto Star*, March 31, 1995. The provincial experience of offering employment or training toward employment for social assistance recipients has been vast oversubscription. In Quebec, for example, only about seven per cent of welfare recipients get to participate in employment measures (D. White, "Quebec's Employability Development Programs: a View from the Inside", *Policy Options*, (May 1995)). In Ontario, the jobsOntario program was always vastly oversubscribed. Similarly, New Brunswick's training programs can provide places for only a tiny fraction of those wanting to participate.

[23] M.H. Rioux and C. Crawford, *The Canadian Disability Resource Program: Offsetting Costs of Disability and Assuring Access to Disability-Related Supports* (Toronto: Roeher Institute, 1994), 6.

[24] Canada, *Budget Plan 1995* (Ottawa: 1995), 21.

[25] Canada, *A New Framework for Economic Policy* (Ottawa: 1994), 20.

Families, Schools and Communities: Social Resources for a Learning Society

by Daniel P. Keating

In an earlier essay in this series, we analysed a number of key social and economic factors that affect human development and noted how the rapid pace of change in modern societies is affecting those connections.[1] From that analysis, we identified two crucial challenges facing modern societies like Canada: "(1) to build the new kind of economy that can create wealth from ideas and, (2) during a period of profound economic change with diminished resources, to sustain the healthy social environment that is best for human development."[2] Addressing both these challenges requires social innovation on a major scale. We need to find new ways to use all our social resources and to renew those resources continually.[3]

Among the major social resources that must be renewed in response to both challenges are educational institutions. In the economic realm, we now understand that the key to future growth is the capacity for innovation, both technological and social.[4] A precondition of such innovation in idea-based economies is the development of human resources, both individual and collective. In the social realm, the maintenance and renewal of civic societies[5] is a precondition of our ability to provide supportive social environments that will enhance population health, competence and coping.

Identifying education as a key area for social renewal is only a preliminary step. Understanding how to renew education productively and feasibly is a major task. We will be more likely to succeed if we have a coherent conceptual framework to guide our efforts.

Our Human Development group at the Canadian Institute for Advanced Research has been working on a framework that we call the learning society.[6] We start with the assumption that continuous improvement in the population's health, well-being, coping and competence is a desirable social goal. Should such an obvious and common-sense assumption require defence, one may point to the strong links among economic prosperity, population health and human development.[7]

Recognizing these links does not ensure that we can use that knowledge productively – the tension between theory and practice is built on this disjunction. We have many empirical examples of humans' failure to make use of what they know.[8] On the other hand, it may be possible to examine our social institutions and social practices in a way that encourages positive social action.

Creating and sustaining the opportunities for community and societal knowledge-building is a fundamental project for a learning society, for which the best possible technical and social supports should be designed.[9] We need to base the construction of community learning networks on a firm understanding of the fundamental needs for healthy and positive human development, about which we already know quite a lot.[10]

We can identify most of the central factors that affect human development. Together they comprise what we may call the "quality of the social environment". This is true for individuals as well as populations. A sensible goal, then, is to make better use of the resources that already exist within communities, in particular to gain leverage by connecting and integrating those resources.

From this framework, we can more easily see how education is a key but under-used resource. This vast social resource has great potential to enhance the quality of the social environment and thus healthy outcomes. To achieve that potential, education will need to make fundamental changes in the coming years:

1. Educational institutions will need to build closer alliances with other significant people and institutions in the community, including the family, that have an impact on children's development. This link is the primary focus of this chapter.
2. We need to shift to a developmental model of education from the prevailing categorical or selection model, whose structures evolved

under the constraints of an earlier technoeconomic paradigm (the industrial revolution) and are thus not necessarily the best adaptation to the current information and knowledge revolution. This shift implies a fundamental transformation of schooling.[11] A developmental model of education focuses on the optimization of individual potential, with a sound understanding of the diversity of competencies we must support and the diversity of ways to achieve these competencies that children bring with them to school.[12]

3. We need to assist schools to convert themselves into learning organizations, capable of continuous improvement in the enhancement of population health and human development. The notion of a learning organization has several key elements,[13] including a clear and consensus view of the group's goals, collaborative knowledge-building among all participants to adapt to changes in the pursuit of those goals, and clear and consistent feedback mechanisms on how well the goals are being met. Among other changes, effective longitudinal monitoring of a school's and a community's population will be essential for gauging success.

In this chapter, I take up one of the key links above, that between the school and the family. It may strike educational researchers and family researchers as odd to focus on schools in a discussion of how to support families in their efforts to provide a nurturing environment for their children. More typically, the focus is on how parents can better support the schools and their children's activities in school.

The very fact that it may seem out of context is telling with respect to how much we need to change in response to new realities. In reality, more mutual alliances between families and schools are likely to be central to the success of a learning society. Building these connections requires that we understand better the challenges that face each institution – the school and the family.

Contemporary Challenges for Education

To appreciate the scope of the transformation that schools need to undertake, we need only consider the increasing range of demands that have been placed on them. It is helpful to summarize the content of the current controversy of excellence versus equity.

The first concern focuses on issues of excellence: How well are we doing as a society in developing the expertise and learning skills that we will need to be globally competitive in an economic sense? How high should the performance standards be, and how should we achieve them? This is not a new issue, of course. Schools have traditionally been expected to use society's investment in them to maximize the human resources needed by the economy. But as the information and knowledge economy comes to the fore, striking differences between North America and Asia in mathematical achievement – a cornerstone skill of the new knowledge-based economies – have emerged.[14]

These differences ought to trouble us more than they do, and even more so when we recognize that the differences are both in average performance *and* in the gradient of performance across social class, which is flatter in the Asian data. In other words, the lower-performing Asian students are closer in performance to those at the top, and in fact are generally above the average North American students. We can think of this as representing the depth and spread of competence throughout the population.

A learning society would focus its efforts on developing competence broadly throughout the population and would reform educational practices that might inhibit such development. For example, normative school practices, even those that are generally quite good, continue to have the unintended effect of deflecting talented young women from pursuing mathematics and sciences through the high school years.[15] Practical educational adaptations appear capable of averting or reducing this loss of talent.[16]

Another example of educational practices that may inhibit competence is the fruitless debate between advocates of either whole-language-based or phonics-based instruction for beginning reading. The scientific evidence is clear that each is effective in appropriate contexts and ought to be available for use with particular students.[17] Exclusive reliance on a single pedagogy reduces population literacy, since not all children benefit equally from the same mode of instruction.[18]

As well, the apparent downward secular trend in overall academic performance across successive cohorts of North American students in the past several decades has raised concerns about potential deterioration of educational standards. An important piece of this puzzle is missing, however. Because we do not routinely track educational performance longitudinally, we have few reliable indicators of how we are really doing compared to how we have done in the past and where we want to go in the future. The dearth of reliable indicators of educational performance is matched by an absence of human development indicators more generally.[19]

Two opposing but equally simplistic solutions are often voiced in response to the observations about losing ground in either international or historical comparisons. The first response is "back to basics". From this perspective, the real problem is that academic standards have been diluted in numerous ways: by the inclusion of groups who are not well prepared for instruction delivered in the traditional way; by the inclusion of topics involving personal or social life experiences, taking time away from academic fundamentals; and by the increasing social resistance to any form of grading or judging that could diminish a student's sense of self-esteem, as in the use of "social promotions" for students who have not mastered the material at their current grade level.

The golden past to which the "back to basics" view alludes never existed in quite the way it is remembered. More to the point, however, is the recognition that the world has, in any case, moved on. Merely maintaining our status quo is unlikely to be sufficient for future needs, not least because the substantive demands are increasing. This further implies that we need to expand our understanding of what we mean by competence. Traditional models have tended to focus on unidimensional views of competence, largely academic and technical, in which "the basics" play the most prominent role. Recent research has been more supportive of a multidimensional view of competence, in which there are multiple domains of competence that need to be valued educationally.[20]

Facility with rapidly shifting information technologies is an obvious example of a new expectation. As well, our traditional educational system was built on the premise that we would probably need only a small élite with the skills to guide the efforts of the mass of population, which needed only a modicum of familiarity with formal learning. The new economies may well depend on a much greater depth and breadth of population competence to function well. When the economy could function well with only a small proportion of the population having high-level skills, the larger proportion of the population could be discarded from higher levels of education and training. Failure to develop our human resources as fully as possible in the future, however, may limit our potential to become an innovation-based economy.

This view of future economies should not be seen as the inevitable or even the likely outcome. Many sensible observers fear that the pursuit of a knowledge-based economy might lead instead toward a dystopic future of a very small cognitive or intellectual élite together with very large marginalized sectors of the population. It is not clear that such societies (and hence economies) would be stable, however, and we need not imagine that the dystopic vision is similarly inevitable.

The notion of a learning society can be viewed as a "practical utopian" agenda, in which we seek to include ever broader sectors of the population in lifelong learning, meaningfully engaged work and civic participation. There appear to be no fundamental developmental constraints on this potential for broad population competence. The near-universal literacy achieved by some contemporary societies is a good example of a formerly unimaginable goal that exists in reality.[21]

A competing view of the current dilemma about schools identifies the schools themselves as the core of the problem, rather than as any possible route to a solution. From this perspective, schools themselves diminish an innate desire for learning through their relentless message of comparative failure. Historically less powerful groups are systematically shown to be less competent, or even incompetent, relative to mostly arbitrary performance standards. According to this perspective, the standards are themselves biased; therefore, this socially induced sense of failure is largely illusory and serves mainly to reproduce existing power relations in society. It is from the failure of the schools to respect the diversity of students that the major problems arise. In this view, the core problem is too much emphasis on standards, not too little; too much emphasis on excellence and élites, and too little concern with equity and diversity.

From the perspective of a learning society, we can recognize the legitimate concerns of each view. We can go a step further, however, and examine ways in which excellence and equity are complementary rather than competing pressures. This is assisted by a revised understanding of human learning. Such a revision focuses on the developmental supports for learning that each child requires and on the fundamentally social nature of learning that affords collaborative learning opportunities to individuals at different levels of expertise.

This new view of learning, knowledge building and innovation as fundamentally social highlights several key points. First, among the new competencies we need to support is the ability to function well in collaborative learning and work environments. These social skills are generally less the focus of school life than they may need to be in the future.[22] These skills are fundamental not only for schools and workplaces, but also for the support of civic societies that sustain the active participation of broad sectors of the population. The evidence further suggests that civic societies are more likely to succeed in the economic realm, as well.[23]

We need to examine ways to enhance the ability of families to provide the support that can help schools meet these demands. In the following section, we examine the role of families in supporting the healthy and competent development of children. It is important to note how much more difficult the school's task is when children arrive at the beginning of school with low levels of preparation for numeracy and literacy and with ineffective habits of learning, attention difficulties and poor interpersonal skills. Successful participation in school learning depends on adequate advance preparation as well as effective study habits and social skills.

In sum, schools need to learn how to adapt to the increasing diversity among students, and families need to learn better how to equip their young children with the tools for successful learning. Both goals are more likely to be achieved if we can integrate family and community resources, including education, to provide high-quality social and learning environments throughout the critical transitions of human development.

What's Needed: A Developmental Perspective

To understand the goal of a collaborative effort between school and family, we require a clear picture of the critical developmental transitions, especially those in early life. Contemporary research permits us to draw a coherent portrait of these transitions, and I summarize key aspects of the preschool and early school years.[24]

We now know that humans are capable of learning from birth and that their ability to begin making sense of complex arrays of information grows exponentially in the early years. There are many critical developmental tasks in this early period, and their accomplishment depends substantially on the quality of the social environment.

One critical need is the establishment of a secure attachment with a nurturing adult. The quality of this early relationship has been found to be related to a range of life outcomes in studies of humans and of non-human primates. In most families, this responsibility continues to fall most heavily on the mother, although effective parent-child interactions are not restricted to biological parents. Across a number of longitudinal studies, in fact, the experience of a surrogate attachment relationship has been identified as a highly significant buffering factor for high-risk children.[25] In cross-fostering studies of Rhesus macaques, infant monkeys bred to be genetically stress-reactive have been placed with foster mothers who had high status and were highly nurturing. Compared with the more usual negative outcomes for these vulnerable monkeys, those who had surrogate parenting were virtually indistinguishable from other monkeys in later life, and indeed could achieve high status in the group.[26]

Of the many potential connections between developmental outcomes and the quality of early attachment, only a few have so far been studied. But it is already clear that such central characteristics as our style of relating to other people, the way in which we see and interpret information in the world, and our patterns of emotional and behavioural self-regulation are all affected. As we learn more about these processes, we may come to a better appreciation of the power of early experiences.[27] The groundwork for eventual competence, coping and health is apparently laid early.

At the same time as social development, dramatic developments are occurring in the neural system. For at least some sensory systems, there are critical periods for cortical development; some of these periods may last only briefly. Absence of the necessary sensory input during a specific period can result in a lifelong disruption in the ability to make effective use of that sensory channel.[28]

Similarly, particular patterns of stress reactivity acquired early in development can persist throughout life. When reactivity is elevated (for example, through frequent perception of threat or a heightened fear of novelty), so too is the immune system response. Part of this feedback system is the release of corticosteroids, of which one purpose is to alert the nervous system to prepare to respond. Small but not insignificant amounts of neuronal death accompany the release of corticosteroids, leading to potential health problems later in life. Social connectedness and perceived control are important protective factors against these negative health effects,[29] and the development of these coping skills depends on early life experiences.

There is also evidence that these patterns – perceptual, cognitive, emotional and behavioural – become a fundamental part of the individual's neural organization. Explorations of this interconnected development of brain and behaviour are under way; in this exploration, a major role is played by the rapidly accelerating technologies for the visual imaging of neural system structures and functions.[30]

The acquisition of fundamental cognitive and language competencies is a third major milestone of infancy and early childhood. Differences among individuals in their eventual attainment of competence and expertise have their roots in early accomplishments. This is so for several reasons.

Acquisition of competence and expertise (in the fields of human endeavour that have been studied to date) appears to be a long-term process, one that is generally gradual but is also marked by periods of rapid, qualitative reorganization.[31] The evidence suggests that the nature of one's previously acquired knowledge is a major constraint on the form that later learning in that area can take. Another source of developmental diversity in these acquisitions is the repetitive feature of many feedback systems.

Consider a child whose early social interactions have led him or her to resist attending to negative stimuli. Given that much of our learning comes from attending to errors, such a child may systematically exclude important information that in turn could have led to improved performance.[32] The consequences are obvious for the attainment of a variety of competencies by this child compared to a confident and curious child.

In other words, what we can learn at any point in our development is constrained in two important ways: how much we already know, and how we approach the learning of new information. When we reflect on the fact that many of these learning patterns are being sculpted as enduring neural networks, we begin to appreciate the scope of effects arising from our earliest experiences – and thus the importance to the individual and to society of arranging the next generation's experiences to afford healthy nurturing, stimulation and structure.

What happens when these developmental needs are not met? Studies of outcomes among at-risk populations strongly support the unsurprising conclusion that developmental difficulties in many domains will be far more prevalent for these children in subsequent years.[33]

Werner examined the long-term outcomes for high-risk children in a particularly informative study done in Hawaii.[34] Several risk factors were strongly related to later negative outcomes, including low level of mother's education, low standard of living and family instability in the first two years of life. She focused specific attention on children at very high risk (four or more risk factors present) who nonetheless succeeded academically and socially. Two protective factors were routinely present in the early lives of these resilient children: considerable individual attention and a stable social support system. Additional primary caretakers and support figures were available either within the extended family or in the community.

Based on these findings, we have some confidence that negative effects are not inevitable, even for very high-risk children. But many children who are at risk of developmental problems do not enjoy these protective factors. There have been numerous attempts – both preventive and interventional – to intercede systematically with children at risk in the early years of life; many of these attempts have been successful for key developmental outcomes, both short-term and long-term.[35]

From this work, we have learned a great deal about the effects of preventive and interventional efforts with at-risk children. But we also need to be concerned about what quality of social environment is needed to support competence among relatively lower risk populations. A variety of demographic, labour and child-care trends suggests that there may be increasing pressure on families with young children,[36] reducing their ability to provide optimal child-care. For example, of all Canadian families with children under the age of three in 1988, 46% were dual-earner families, as were 49% of families whose youngest child was between three and five years old.[37] For these parents, the availability of a range of parenting support systems is essential. The best available evidence indicates that high-quality day-care, relative to home care, is beneficial for high-risk children and either neutral or beneficial for low-risk or advantaged children.[38] On the contrary, poor-quality day-care is likely to engender future problems in cognitive and social behaviour for all children.[39]

For families who choose to have a full-time parent in the home (still usually the mother), mother-child home programs that have worked with at-risk populations could also be valuable.[40] Due to geographic, time or other constraints, many of these mothers may have few social supports or parenting models available to them. Although such programs may be viewed by some as an unnecessary benefit to families who are not in financial need, it should be noted that providing optimal social environments for all children is not only the responsibility of a caring society, but also a wise investment of resources in our collective economic future.[41]

Social policies in both the public and private sectors often make it difficult to provide adequately for the developmental needs of young children. Due to economic constraints, many families require that both parents work if they are to maintain a decent standard of living. Beyond economic considerations, the opportunity for women to participate in the workforce on an equitable basis is important in itself. These new work patterns – combined with limited, expensive day-care options; inadequate parental leave; and rigid working arrangements – affect society's ability to meet the developmental needs of many young children. These strains are often greater in the increasingly frequent single-parent households.[42] Further limitations are occasioned by the decline in extended family supports and by the segregation of older members of the community. Both trends decrease further the availability of informal, high-quality, alternative care arrangements.

Children of poverty face even worse problems. In many cases, provision of even basic nutritional needs is problematic; hundreds of thousands of Canadian children depend on food bank supplements that are not always adequate. Poverty is also a significant risk factor for exposure to family or neighbourhood violence and for the development of aggressive behaviour patterns with lifelong developmental consequences.[43]

It is clear that we need to design new ways of providing fundamental supports for early childhood development. This is especially difficult in a period of profound social and economic change. One route that warrants careful scrutiny is a closer collaboration between schools and the communities and families they serve. An obvious risk to be avoided is confusing *collaboration* with the *appropriation* of early child-care into existing educational institutions.[44] Nonetheless, schools do have an existing infrastructure, a community base and a vested interest in reducing the proportion of children who arrive at the start of school with non-optimal or dysfunctional learning capacity.

Reconfiguring schools as a focal community and family resource for child development will require considerable social innovation, but it is one of the few reasonable avenues we have for coping with the societal changes already under way. It will be imperative that schools work toward a balance that includes a leadership role, but a leadership that presses toward ever greater community and family participation. Given the history of schooling and the nature of current bureaucracies, this will be a difficult transformation. It is nonetheless a necessary transformation if we are to achieve a learning society.

A similar picture emerges when we look at the needs of the school-aged child. As we have noted, the developmental diversity that is already evident by age five or six years is considerable.[45] Numerous influences have had an opportunity to shape the way we listen, talk, think and interact with others. Gradients of performance on various standard assessments have been found for social class, gender and ethnicity. Not surprisingly, groups that are socially more advantaged tend to outperform less advantaged ones on standard criteria, and many of these differences are well established before school entry.[46]

Schools and teachers have often assumed that by the time children start to attend school, they will have acquired the cognitive and social interactive styles found most often in the mainstream group (in North America, white and middle class). When curriculum and instruction operate on this assumption, children from outside the mainstream may encounter significant learning difficulties – even though they may be quite capable of building the equivalent knowledge if developmentally and culturally appropriate learning experiences were available to them.

Evidence from a number of longitudinal studies makes plain the critical nature of this transition to school.[47] Poor academic and social performance in the early grades is a substantial risk factor for academic and behavioural problems well into adolescence.

Fortunately, there do appear to be ways to include more children in effective early education experiences. To date, most of these methods have focused on attempts to help the child develop the skills and learning styles that will be needed in traditional schooling – examples include Head Start and other compensatory preschool programs.[48] Although the evidence is mixed, there are good grounds for believing that there have been long-term positive effects of such interventions. Most of these effects, though, have been found in behavioural rather than academic or cognitive domains, and the magnitude and scope of the effects have been less than some people had hoped. Like some medical conditions that cannot be dealt with by a single inoculation but do respond well to ongoing therapy, fundamental discrepancies between a child's way of learning and the school's way of teaching may not vanish after one-shot interventions but may respond to ongoing attempts to make learning opportunities more developmentally appropriate.[49]

Of course, education does not operate in a vacuum. Surveys and time sampling studies[50] suggest that most North American children and adolescents spend as much or more time watching television as participating in formal instruction. Many media messages are more powerful and persuasive than those that school can deliver, and the medium itself may inculcate habits of mind that conflict with educational goals – impulsive rather than reflective, for example, or guided by emotional associations rather than thoughtful analysis. Of course, it is possible to imagine the use of these powerful technologies to meet the developmental needs of children and adolescents, and emerging work in this area is promising.

It has often been assumed that schooling, as the organized and formal effort of society to socialize the next generation, will provide a restorative function for children and thus minimize the long-term consequences of negative early experiences. The evidence suggests that this is a misplaced hope. Schools are part of society, not apart from it, and the forces that operate outside schools are usually found to operate inside them as well. The social class gradient in academic performance is evident at entry to school and remains strong throughout the school years, reflecting in part the degree of matching between home and school curricula in the early years. Social class differences grow in summer, plateau in the school year. Thus, schools reduce social class gradients.[51]

Even within the middle class, however, the increasing proportion of children who are identified as needing special services to deal with learning difficulties is an indicator of more widespread problems. Increasing attention has been directed to these broader issues, as researchers examine how capable the existing structures and practices of schooling are of meeting expanding demands for technical expertise, co-operative learning, critical thinking and ability to innovate. Classroom time surveys suggest that there is little opportunity for discourse, and avoiding errors is sufficiently emphasized that any discourse that does occur is rarely meaningful.[52]

One broad social factor that complicates our ability to meet developmental needs is the separation between individuals, a separation that includes the alienation of individuals from society. Numerous aspects of this phenomenon have been investigated, but their common theme is that the erosion of social connectedness is tied to a host of problems. One example, noted above, is the pattern of age segregation that characterizes much of North American society and that hinders mutually beneficial exchanges between generations. Other factors contribute as well, such as the social distancing in urban centres, where high-rise residential development makes the formation of neighbourhood communities difficult.

From the evidence on the social class gradients of health and education outcomes and from the work on community development in a variety of social contexts, it is clear that the solutions cannot be identical across all communities. Also, communities with the greatest proportion of highly stressed families are those where community renewal will be the most challenging.

A solution to this dilemma will necessarily be multifaceted. In highly stressed communities, greater involvement will be needed from the broader society and government than in communities of more favourable circumstances. But communities and families under considerable economic stress often show great resilience with modest external supports.[53] The cultural and social resources of a civic society (sometimes referred to as social capital) form a key component of our ability to enlist the necessary supports for healthy and competent child development in conjunction with reasonable economic circumstances and family security.

For both the preschool and the school-aged child, it is clear that many features of the social environment inside *and* outside school need to be enhanced to support optimal development. Given today's rapid pace of social change, it would be foolhardy to assume that these trends will resolve themselves positively without conscious effort. In particular, the social and economic stresses placed on many families with young children are negatively affecting the families' capacity to support the developmental needs we have outlined.

Finding ways to engage social institutions (such as schools), communities, and families in an ongoing discourse is one route forward. The goal of this discourse should be to design and adapt solutions that meet the needs of children in each community and that do so by supporting the families in which the children live and learn.

Education as a Community Resource: Toward a Learning Society

Drawing on the material above and elsewhere,[54] we can summarize a set of seven key principles that would help educational institutions to support the optimal development of families and children.

1. ***Lifelong learning is essential to a learning society, and we need to learn how to facilitate it.***

Increasingly, students enter school from highly diverse backgrounds. Accordingly, the habits of learning and the academic expertise or readiness that they have attained before entering school vary substantially. At the beginning and throughout the school years, we must find the recipe that encourages a positive attitude toward learning. A central ingredient is that students must clearly perceive the potential benefits for their effort – in particular, a range of realistic pathways linking education with meaningful work.

2. *Neither schools nor families can do it alone.*

The early experiences of some children may make it difficult for them to learn under most circumstances. We need to build stronger links among families, schools and communities to reduce the number of children who enter school as dysfunctional or marginally functional learners. Where the erosion of the social fabric has reached an advanced stage, in what Garbarino[55] has called socially toxic environments, the prospects that schools can fully redress the negative outcomes for all children are dim. As a society, we need to consider how best to prevent such problems from occurring. As well, we need to recognize that most families – not just those at risk – need stronger community supports in this period of rapid social and economic change. Nurturing this social covenant[56] under prevailing and changing social circumstances requires collaborative arrangements yet to be devised.

3. *Competence develops along multiple pathways within and between individuals.*

We need to recognize that different children require different educational experiences to help them develop, and we must be prepared to adapt instructional and learning settings accordingly.[57] We need to enhance the capabilities of schools to support developmental progress along the full diversity of pathways that they encounter. Virtually all children retain sufficient plasticity to develop meaningful competence, if we can discover appropriate educational experiences for them.

4. *Diversity arises from differing developmental histories – cultural, gender, class and individual. Diversity offers both challenges and opportunities. Understanding such diversity and forging common goals must proceed simultaneously.*

Too often commentators highlight the difficulties we have encountered in our initial attempts to include all members of the population in formal education. Although the challenges are great, we need to reflect on the potential benefits to organizations and societies arising from diversity. For example, possessing a larger storehouse of potential cultural solutions to social problems creates opportunities less readily available in more monocultural societies. But it is not an automatic benefit. We must be prepared to do more than tolerate diversity. We must discover how to learn from each other in pursuing common goals.

We *do* share many aspirations, especially for children and youth. Learning how to provide high-quality social environments for them – in and out of school – is a key building block for social consensus.[58]

5. ***Schools need to become learning organizations, both to assure continuous improvement in educational practice and to teach students how to function well in such organizations.***

Recent work on human groups shows that the organizations that grow and adapt best tend to learn collaboratively.[59] Key ingredients include shared and clearly understood goals; open, lateral networks for the flow of information and expertise; and reasonable distribution of gains from group efforts. A legitimate social expectation of schools is that they should prepare students for work. In preparing students thus, we need to focus on the ways in which work is organized in currently successful enterprises here and abroad, not just on past workplace arrangements.

A step in the right direction would be to devise ways in which schools and school boards can themselves become learning organizations, harnessing the diversity of professional expertise in a collaborative effort to enhance the learning of all students. Historical forms of educational leadership that preserve a hierarchical distribution of power are likely to impede this effort.

6. ***A developmental model for education and learning should replace the prevailing normative, selective one.***

We need to invent a new educational model for the information age to build a learning society. Many of the established structures of education were forged to meet a set of social and economic demands that arose during the Industrial Revolution. We need to re-examine those structures in a fundamental way. For example, the structure of special education emerged as an interplay between, on the one hand, the progressive policy of mainstreaming and life normalization and, on the other, the perceived need for medical justification of the required additional resources. An ironic consequence is that parents whose children are not learning well are compelled to lobby for their child to receive a diagnosis of (presumed) organic deficiency if they are to receive extra help. Resources that might be better used for instruction become diverted to supporting a quasijudicial system to ascertain a diagnosis. In addition, this system leads us to focus more on a presumed lack of adaptability in the child rather than on attempts to discover how to adapt our instruction to better meet the child's developmental needs.

7. **We need to integrate schools into a broader community and societal effort to provide high-quality social environments that promote and support learning.**

Compared with the private sector, the diffusion in education of best practices, as we build our knowledge of them, proceeds slowly, painfully and, often, not at all. This is one consequence of a vertically arrayed bureaucracy, in which centralized decision-making generates obstacles by its very existence. Thus far, limited success has been achieved from efforts at centrally guided, rather than community-based, cross-sectoral integration – involving schools, social and child-care services, parental and family resources, and volunteer services.

Cutting across these solitudes to create horizontal arrays of information flow and mutual support is an important task for a learning society. The design and building of learning networks, supported by emerging information technologies, afford opportunities for linking community resources and for diffusing best practices more rapidly across communities. There is much work to be done in making effective use of community resources to provide a high-quality social environment for all children. It is essential to establish a workable form of collaborative knowledge-building on how best to achieve this in every community.

As this agenda to link communities, schools, and families moves forward, there are many valuable strategies and examples to draw upon, as well as some hard-won lessons of how to proceed. Indeed, one of our key goals needs to be to make this knowledge more readily available as a wider range of communities get started on this agenda.

One strategy is to reconfigure schools as broader child development centres, which offer a full range of services to children and their parents. The potential combination of early child-care with early education is another strategy that has been employed with some success.[60] Placing such early childhood centres inside high schools, where they can offer co-operative education in child-care and courses in parenting while engaging adolescents in the civilizing experience of nurturing others, has also been successful.[61] Recruiting volunteer expertise, including that of retired citizens, in early education or regular schooling can be extremely beneficial for all parties involved and further strengthen the bonds of a civic society. The development of school-community councils to provide real and ongoing support for this critical agenda is yet another example. The diversity and creativity of community responses to these needs is amply demonstrated through these and numerous other examples.[62] Renewing communities so that they can pursue these goals is a major challenge, and succeeding in doing so will be essential to the fostering of a civic and learning society.

And it will be a challenge. Mandating community and school change to support families better in a centralized approach runs the risk of further entrenching a rigid bureaucracy.[63] Discovering and engaging adequate levels of social capital in the most stressed communities (with the most stressed families) will require considerable ingenuity. In our continuing experiments with civilization, proceeding ever more rapidly, we have much to learn and will need to do so on a rapid learning curve.[64] Relative to the rest of the world, Canada enjoys considerable advantages: social capital, human ingenuity and economic wealth. From the perspective of a learning society and that of human development, deploying those resources in a way that supports families adequately is essential to renewing them for the future.

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8

A World of Adults Worthy of Children

by Camil Bouchard

Who Helps Our Children in Their Development?

Our children are living in a time of great risks and opportunities. We see them less often with their parents and more often in groups, holding a rope or a ribbon or sitting in a multi-stroller pushed by a child-care worker. We see them less with "their" two parents and more often than before with a lone mother, usually poor and isolated – seldom well-to-do – but weighed down by responsibilities. We see them more often with a lone mother but with two "fathers". We see them less often surrounded by siblings. We see them too often alone after (and before) school, managing their time, their food, their well-being, taking on adult roles at seven years of age. There are more of these children than ever, of all origins and colours, immigrant children looking for new commitments, uprooted but full of hope. And while some pampered children go from one training and leisure activity to another, greatly complicating their exhausted parents' schedule (as well as their budgets), others (in increasing numbers) fall into the traps of poverty, lack of food and money, inadequacy and exclusion.

What can we do so that all children experience a good start in life, a successful early childhood and schooling as well as a good social integration into the world of adults? What can we do that will help them to gather – from their own experiences and from the experiences of the adults with whom they come into contact – the learning that will enable them to believe in their skills, to feel, to think and to realize that they are important to others and that the world is more than a collection of unpredictable events over which they have no control? How do we avoid their becoming objects of worry and despair for their parents and others who love them, menaces to society or adults with feelings of helplessness, emptiness or cynical resentment?

A large part of the answer depends on our commitment to maintain a rich and stable network of people who have common goals for children: continuity and coherence in their life.

The road to harmonious child development is supported by concerned, intelligent,[1] warm adults capable of inspiring a calm attachment from the child,[2] of deciphering the child's needs, of placing her or him in situations that generate learning and success, of supporting the child in times of minor success or failure, of enabling him or her to live in an easy-to-understand, predictable and safe environment but also with a touch of unexpectedness – novelty as well as expectations and requirements. The road to harmonious child development is sustained by adults concerned with giving the child the opportunity to discover the surrounding world, adults who arrange for frequent and supervised interactions with other children[3] and who help the child to discover fantasy, laughter, dreams and the fantastic, adults able to see the world through the eyes of a child, to show the child the art of putting oneself in the shoes of others, to repeat as often as necessary the same explanation, the same rule and the same story, to take the child in hand without abuse[4] and to give her or him more leeway in terms of actions, thoughts and understanding of the surrounding world.[5]

Child development will be ensured by a society of adults who put children first when it comes to urban planning, economic, political and social management, and organization of services. Child development also relies on adults who not only love children but, moreover, have understood that love must be reflected in the quality of interpersonal relations each day, in the stimulating and empowering environments that we offer children and in the possibilities we provide them to contribute to the development of their environment through their intense, spontaneous and demanding personalities.

Consequently, the support we offer adults of our communities who are close to children daily is a major factor in the development of children. The lack of support, recognition and guidance given these adults explains in large part the risks to which a great too many children are exposed.

Diminishing the Threats Against Adults Helping Children

Good child development requires a society committed to the people who take care of and respond to the needs of children and adults. Good child development requires that we provide adults committed to children with every available opportunity for professional development and networking.[6]

When society lacks consideration and respect and demonstrates negligence toward the persons responsible for the development of our young set, the children suffer.[7] Such children lack self-confidence. They feel lost and are non-assertive, distrustful, disinterested. They give up. They could become part of statistics dealing with school drop-outs, depressed or disruptive children, neglected, abused or exploited children, young offenders and suicidal young people. On the other hand, they may not appear in statistics because they conceal their hurt, their lack of enthusiasm, their disillusionment. They will have understood that they cannot change anything anyway.

Such children become less creative and less altruistic adults who are more defensive and less inclined to contribute to a society that has ignored and marginalized them as well as their family.[8] They may become a passive and increasingly greater menace to democracy, because somewhere along the way they have received the message that they are not (or hardly) important. These children of exhausted and overwhelmed adults, these aggressive, indifferent or cynical children, are our real national debt, our real capital deficit.[9] They are a human capital deficit that costs us a fortune in investments, protection, re-education and reintegration services of all kinds,[10] in buried or secret creativeness, and in present and future child and parent distress.

What can be done for these adults committed to our children so that they can, among other things, form a valuable and dependable support network?

There are many ways of answering this question, but the main one revolves around personal, social and material resources. According to Belsky, Robins and Gamble,[11] there is no doubt that the most important are personal resources: patience, endurance and genuine interest toward the child. These personal characteristics define a good parent or, possibly, a good educator.

Parental Isolation

However, these personal resources are only acquired and maintained through a social support network able to comfort, reassure, inform, guide, sanction, encourage and sometimes teach. These social resources, in turn, are only present in quantity and quality in environments with sufficient material resources to maintain friendships, leisure, time to stop and share, time for reflection and planning and the possibility of interacting with family or relatives.

Consequently, we notice that in neighbourhoods where child abuse is more prevalent than the economic situation would predict, the parental support network is often very limited, restricted to family alone, isolated from the rest of the community.[12] It is often a network in which parents feel cramped and trapped.[13] These networks are often riddled with conflict. As well, small favours cost a lot and debts become heavy burdens.[14] These networks are incapable of meeting all the practical and emotional needs of parents.[15]

Poverty Among Mothers and Their Children

The importance of getting parents (particularly single mothers and very young parents) out of the poverty that provokes feelings of embarrassment, shame, isolation, harassment, conflict, depression, impatience and loss of hope cannot be over-emphasized.[16]

In Canada, 69% of single-parent families headed by women whose youngest child is less than seven years old are poor.[17] An overwhelming majority (89%) of children of single mothers who have never married live in poverty.[18] Yet, only 6% of Sweden's single-parent families are poor compared to 45% in Canada.[19]

A significant percentage of Canada's single-parent families and young families subsist on an inadequate food and housing budget and have no money for leisure activities. These shortfalls, evidence of a failure that society in general puts on the shoulders of families, bring lone mothers to the brink of exhaustion or, worse still, isolation. We know, for instance, that unemployed single mothers can count on six persons fewer in their social help network.[20] We also know that these six persons are women friends. It is hard on the children: Mothers of children aged 6 to 10 whose networks have eroded after a separation or a divorce report more behavioural problems with their child.[21]

Canada has 1.3 million poor children; that is, 18% of our youth are poor. It is urgent for us to recognize the lack of resources for a large portion of underprivileged young children and parents and to make it a top priority in all our political and social efforts.

It is urgent to focus on public housing that can provide more stable and secure environments for children and their parents. For example, some 20,000 people are waiting for public housing in Quebec; 80% are families with children.[22]

It is urgent that we avoid poverty by establishing, without further delay and in all regions of the country, a program of setting and systematic delivery of alimony.

It is urgent, instead of looking in the kitchens or bedrooms of the poorest of our fellow citizens, to review the other kinds of social assistance awarded to the richest and greediest among us by a fiscal system that sanctions fraud or social dropping out. It is a question of basic social justice, without which the sense of belonging as citizens of our country will continue to be undermined and greatly influence our willingness to contribute resources to improve developmental environments for children and adults.

It is urgent that we develop programs that will make it possible for single mothers to get professional training and be able to get jobs without their children having to pay the price.[23] In this respect, unconditional access to high-quality child-care is far from being a luxury.

There is an urgent need for community generosity and political courage if we want to give more to those who have less – even if this means giving up certain sacred symbols of universality. In 1994, a Canadian single mother with one child and who is paid minimum wage must work 73 hours a week just to reach the poverty level.[24]

It is urgent to stop throwing around empty phrases such as "our children, tomorrow's wealth" and free hundreds of thousands of children from poverty, precariousness and insecurity.

It is urgent to start counting and admit that we are not living in a country of equal opportunity.

Our social negligence toward this problem leaves a great number of children in black holes: neighbourhoods, parents, child-care centres and schools without resources. Such children become adults without resources, unable to contribute as they would wish to the development of their children and the improvement of the community that should support them. According to the Assemblée des évêques du Québec,[25] the concrete improvement of the living conditions of children and women is essential to economic and human development.

The First Months of Life

Improved bonding conditions between parents and children are essential to the development of social and emotional skills in children.[26]

The first few months of life have a substantial impact on children's capacity to perceive the world as something other than a menace or an indifferent environment. The universe of early childhood is one of bonding and curiosity. Children of warm parents who show a serene attachment to them display early curiosity and are more skilled in their relations with other children and other adults.[27] It is in the first few months of life that we develop the feeling that we can trust others, trust ourselves, trust our chances and trust life.

We know that successful intervention projects that focus on the well-being of young mothers ensure an improved diet,[28] encourage them to limit their consumption of cigarettes and alcohol and, more importantly, heighten their awareness of their own skills as well as of the resources of their friends or community. We know how much the services developed by our communities decrease mothers' feelings of isolation, discouragement and fear of doing things the wrong way. We know how the services provided by visiting mothers or nurses lessen the occurrences of neglect and loss of control for young parents lacking personal, social and financial resources.[29] We also recognize that these successes are in large part due to the fact that they are provided in a respectful, non-blaming and friendly context where parents discover their niche, their responsibilities and the social resources to assume them.[30]

It is essential for us to guarantee each newborn a good start in life by providing an adequate support to his or her adult caregivers.

The feeling that your community cares for your well-being, that as a parent you have just given the community new wealth – a child – and that you consequently deserve every consideration, requires more than a cheque from the government at the birth of a child.[31] The services surrounding birth, even if they are cited as a priority of the province's government,[32] are still offered in dribs and drabs, inconsistently from one region to another and in a context of insecurity and financial uncertainty that forces project workers and managers to work ceaseless wonders. Budgetary reasons that serve as excuses to giving a good start to *all* newborns do not hold water when we know that programs and services offered to parents and expectant parents greatly and quickly reduce the economic and social costs linked to premature birth, low birth weight, infectious diseases, accidents and loss of control in parental behaviour.[33] Community support to parents, including the possibility of respite periods for parents of children from birth to age two, is an investment that has a threefold benefit and makes parents aware of the mutual assistance and support networks that are essential to people wanting to become and remain efficient parents.

Deep changes in the structure and functioning of families have brought about new values and require renewed partnerships not only between families and their communities but within families themselves. We have learned new things about the contribution of fathers to the development of their children. We now know that fathers, like mothers, can be the first person with which the child bonds and that they can respond to the needs of the child with the same sensitivity.[34] We are also aware that fathers can be as efficient as mothers in their reactions to the cries and smiles of children.[35] As well, fathers bring to the children's universe a different kind of interaction: they are more playful and active; they are less verbal and do not try to teach as much.[36] Thus, they contribute significantly to children's capacity to control their emotions and decipher their social environment. As well, we know the impact of an inadequate paternal role on the development of different pathological forms in the lives of children.[37]

We could have a long debate on the definition of paternal commitment[38] and on the multiple behavioural forms it can cover.[39] Nevertheless, it is by being present and available, by interacting and taking on parental responsibilities, that fathers contribute to the well-being of children and mothers. Progress has been observed during the last decades but it is still timid.[40] In particular, too many fathers still feel inefficient and of secondary importance in the development of their child. Too many of them believe that their contribution does not make any difference. As well, several of our organizations (social, health, academic) still show distrust or indifference toward fathers.[41]

Efforts in this area are not widespread, particularly at the following levels: workplaces, organizations and services, the fair treatment of women in the workplace (an important factor in the commitment of the father),[42] the values adopted by fathers in their parental role, rigid gender roles, time management schedules and planning in two-income families, support resources and strategies available to the father in the workplace, and support for fathers' professional development and adult education. Interventions are still piecemeal; they lack coherence, intensity and continuity. They apply only to well-prepared fathers benefiting from traditional psychosocial intervention strategies,[43] which do not give much credence to the appropriateness of work, social, educational and health services dealing with fathers.

Priorities in this area are now clear and should focus on (1) creating a culture and social organization open to fathers (father-friendly) and (2) stimulating fathers' enthusiasm for their children even if this enthusiasm is to the detriment of one of the most important factors contributing to the neglect of their paternal role: the love they have for their work! A greater commitment to the paternal role is an enormous challenge, particularly for young fathers not living with their children.[44]

Childhood

Early childhood, the period from two to four years of age, is a time when the child says "no" to the parent's "yes", when toilet-training occurs and when the child becomes fascinated with discovering words and autonomy. It is a time of first contacts with rules and orders as well as with friends and adults outside the family. This period (along with adolescence) is the one in which parents report needing the most assistance.[45] It is the phase during which children develop in leaps and bounds and when they discover intellectual curiosity, openness to others, language, affiliation and compassion.[46] For psychologists and social workers, it is also a period when the social and academic successes and failures of children are determined.

In *Un Québec fou de ses enfants*,[47] the Groupe de travail pour les jeunes (rashly) observed that juvenile delinquency could be avoided by age three. The most recent studies published on this subject support this statement.[48] We know how we can shape a young offender! Neglect the child at an age when he or she can discover and learn; submit the child to a very authoritarian, hostile, indifferent or chaotic environment; let the child and parents feel isolated and keep them in poverty; and you greatly risk seeing the child with behavioural problems, unable to concentrate, aggressive, anxious and uncertain of his or her skills. This child faces higher risks of being expelled from kindergarten and being rejected by other children. Chances are that she or he will play hooky from school, become a slow learner, engage with friends in illicit but image-enhancing activities, become a young offender, quit school or become a parent prematurely and be marginalized.

The recipe is not infallible, but it has been tested. In fact, we apply it subconsciously. For example, preschool and child-care centres are mostly attended by an already privileged minority of young children. A recent Quebec study[49] reveals that child-care services in underprivileged neighbourhoods must neglect direct services to children (their primary function) because their time is taken up by many other responsibilities, especially the services they have to offer parents. The study also reveals that caregivers in underprivileged environments have less training, do not stay in their jobs as long (meaning there is less stability in the children's environment), are less formally evaluated, are overworked and have to take care of children with more severe problems.

Here, again, economic arguments that undermine the development of child-care services and child stimulation programs are unrealistic, because we know full well that the return on investing in stimulating and positive environments for children is seven times the outlay.[50] The efforts made to support children until they start school by introducing them to a social network of children and adults and ensuring the active and harmonious participation of parents in this network are no doubt our best insurance against children dropping out of school.

A network of high-quality, educational child-care centres or child stimulation programs that are accessible and universal[51] should now constitute an inescapable priority for our governments, particularly in regions where higher levels of poverty exist.

The best preventive actions against academic failure and dropping out of school are done before a child starts school. These actions can be in collaboration with schools if (1) we stop closing local schools because of a lack of students and we use them as privileged mechanisms to provide support to young children and their parents, (2) we encourage the development, at the local and community level, of child stimulation and parental support programs, complemented by appropriate educational resources, and (3) we provide, in a society that focuses more on development and prevention than remedy, training and working conditions that can convince the best educators and the most appropriate community resources to choose the early childhood field and remain in it.[52]

One of the great flaws of our time is to offer improved working conditions and social acknowledgement to persons who care for, rectify or control such problems as depression rather than to persons involved in development and prevention. Because of our lack of concern, young children from dysfunctional families or families in crisis are the ones who have the least access to the reassuring, sustained and dependable presence of efficient adults in a stable and predictable environment.

The time has come to invest more where it counts, to pamper our child-care workers, to provide them with more support and resources in neighbourhoods or communities with greater needs.[53]

The time has come to provide these workers with the necessary means to establish links with each parent in these neighbourhoods to create a coherent and dependable network of adults who help one another with the children. The only solution is to enable adults who love our children to meet in a caring relationship marked by reciprocity as well as shared power and knowledge.[54]

The time has come to appeal to all members of local communities and to commit ourselves to a culture in which the well-being of young children is the cornerstone of a quiet but constant revolution.[55] This must be done quickly: Some communities in Ontario have joined the Better Beginnings program; thousands of American communities have launched community-based programs like Head Start and Success By Six; Centraide du Grand Montréal is going ahead with initiatives that bring together local partners sharing the same developmental objectives for children.

In these programs, small town parochial squabbles certainly exist, but personal conflicts are put aside. We get busy identifying and reaching a consensus on the needs of young children; we establish and strengthen links between services and add some if need be; we work at creating partnerships between the public and private sectors; we make the most of local leadership. Most of all, we try to reach two populations that have generally been neglected by ordinary services: on the one hand, those who need more services, that is, who are distrustful, isolated or shy; and, on the other hand, potential partners who are not traditionally associated with small children but who know them well (shopkeepers, bankers, pharmacists, schools, etc.).[56]

The local community approach is not a cure-all, but it is a formula by which collective wisdom, local dynamics and professional expertise in all areas of intervention establish a dialogue.[57] It is also a formula by which we do away with talk of acquired powerlessness and where everybody's responsibility is challenged.[58] If, whenever in the presence of a small child, each member of the community would ask himself or herself if this child is well supported, these programs would have already accomplished an important mission – the creation of a network of adults sensitive and attentive to the needs of children.

The First Normative Social Transition: School

The four-year-old to seven-year-old phase is another important period in the life of children, partly because it is when they attend social institutions for the first time.

While it is true that continuity represents an essential factor in self-help skills, we must recognize that in this respect our social organization does not fulfil its responsibilities toward a great number of children. We have repeated every which way and everywhere that the family has changed, that both parents of most children work outside the home, that single mothers are under severe stress relating to money and to time. We know all these things, but, nevertheless, preschool child-care services are insufficient, too expensive and of lesser quality in underprivileged neighbourhoods. Child-care services offered in schools are on the increase, but are still too expensive for poor parents whose children most need this type of environment. There are still not enough community services to give shelter to abused children, and their funding is precarious. This hesitation in creating resources (and jobs) in facilities easily accessible to all our children is hard to understand when we are aware of all the benefits to children and adults.

But there is more. In too many cases, children have become the only links between the family and the school. Too often, we ask children to come to terms with the needs and opinions of the school as well as those of the parents. Too many times, the children must come to understand on their own what is happening at school. Parents, busy elsewhere, psychologically and physically cut off from schools that close and are moved elsewhere, are at a loss. Parents should be the main accompanying adults of the child, the ferry handlers of the crossing (which can be rough at times) between the world of family and the world of institutions.[59] They should be the main elements of an effective strategy to prevent dropping out of school. Instead, they have become marginal actors, tolerated but rarely wanted, and consulted more seldom still.

The need to change our way of doing things is greater in a country like ours, which is open to immigration and contains many different cultures. Experiencing another culture can be an asset to child development, but only in a context of mutual trust, where a basic consensus is reached between the child's parents and the school's adults.

We must renegotiate the relationship between teachers and parents according to the concept of a development network that focuses on supporting the child rather than a concept of a school that invests in the education of children without taking the parents into account.

If possible, we should develop connecting projects between educators and parents (such as the Family Matters projects developed at Cornell and tested in some elementary schools in New York State), projects in which communication between parents and teachers is left neither to chance nor to each person's goodwill.[60]

We can achieve this better relationship by assuming that parents visit the school more willingly (1) if their child is the main focus of interest, (2) if they feel welcome, (3) if the mandate and tasks of teachers are modified and it is clearly indicated that complicity with the parents is an important and necessary part of their role and (4) if, in this new context, teachers have adequate resources (time and support staff). We can achieve it if we give appropriate support to parents and teachers within a linking process that is appealing and enriching for both parties.

We can also carry this off if, during early childhood years, the school, its staff and its management demonstrate that they are unfailing partners of the community and of parents. The school can and must be a tool that the community uses to ensure the development of its members. The complicity between the school and parents can only be based on a good knowledge of the developmental needs of young children. We can bank on the fact that school leadership, in terms of community initiatives to improve the well-being of young children, offers parents of prospective students the opportunity to establish non-threatening links with the school. It also allows them to successfully accompany the child in an environment of play, joys and challenges met. It provides them with a context in which first contacts and exchanges about the child with an institutional extrafamilial resource occur in conditions not associated with failure, deception or crisis. This co-operation between the school and community resources during early childhood also enables schools to look ahead to better days, to have better prepared children and to have parents more inclined to visit the school.[61]

Adolescence

The world of children changes at the rate that children develop. The world of teenagers, during which they settle into the world of adults, sometimes with ambivalences, agonizing indecisions or hesitations, has little to do with that of the preschooler ... and we sometimes forget that. We forget that this young child can and must play a more active and autonomous role in her or his own development process. We also forget that the transition from elementary to high school requires that this autonomy be complemented by a complicity between parents, educators and children.[62] As well, we forget that although the beginning of adolescence signals autonomy, it can be undermined by a too-sudden break-up of the child's ties to the social environment.[63]

Our high schools send contradictory messages to children. Children too often enter an environment where reference groups have disappeared and where they are told that they are big enough to manage on their own without their friends or peer group. At the same time, they learn that they are too young to contribute to the definition of their environment in a significant way and assume therein a useful and recognized role. They are asked to become good citizens and good parents, but we are not much inclined to help them assume new, active, responsible and recognized roles in their community. It is enough to ask ourselves who are the most ambivalent and confused – adults or teenagers!

These observations have been made time and again. In 1991, the Groupe de travail pour les jeunes urged the government of Quebec to engage in a community analysis and reflection on our high schools. The group wanted more visible ties between the parents and the school as well as between the school and the community. It also proposed the creation of some community youth services offices, through which teenagers would participate in community activities recognized in their curriculum. In a recently published report entitled *Yours, Mine and Ours: Ontario's Children and Youth*, the Premier's Council on Health, Well-Being and Social Justice (Ontario) has fully taken up the notions of parental participation in school life during the first years of high school, the development of tutoring programs offered by older to younger students, the conversion of the school into a community resource and the involvement of teenagers in community services. The report stresses the necessity of acknowledging the importance of continuity, of coherence and of the strength of ties between the different environments of our children and youth.

Moreover, we must be concerned about building links between youth and the work world.[64] Schooling should not have as its sole objective the training of an adequate workforce for the country. Above all, it should instil in each child and young person the love of learning and the desire to be an active and skilled actor in his or her own destiny.[65] In this context, it is hard to understand why we accept that so many young people fret while waiting to be part of the real world, curious and wanting to get involved in concrete, useful and timely learning processes. The gap that still exists between the school and the rest of the community, between the school and "reality", is a major handicap in the development of our young people.

The bringing together of the labour world and that of student learning through practical training programs, co-operative programs or school sponsorship by businesses, corporations, health services or social planning institutions is a powerful tool that could increase the emotional, social and cognitive investment of youth not only in their schooling but also in their quest for a responsible and enthusiastic citizenship.

Finally, we must seriously ask ourselves why it is so hard to transform our schools into development communities. Part of the answer is perhaps owing to the fact that we respond a little too quickly and virtuously, as suggested by Seymour Sarason,[66] to the question "Who is the school for?" For the children and the youth only? Or for the children, the youth and their teachers?

The idea that we have defended here argues that child development depends on adults having access to social support resources. Adults who support children need our support. Because of geographic and administrative reorganizations and labour agreements, have teachers lost this support? Have they ever had it? Have they access to support networks, do they have professional development possibilities, do we show them that we care? Can teachers rely on a complicity with the community, the school administrators and the parents? Can they consider the school to be an environment where they can develop and better themselves? Or does the situation appear perpetually threatening, precarious and too demanding? Are they able to consider their role other than as one of service? The answers to these questions should be given a significant share in the reinforcement of an environment favourable to child development.

Conclusion

Under certain conditions, in certain contexts, adults can be marvellous assets in the lives of children and can establish a tremendous developmental and well-being network. These conditions and contexts depend largely on our answers to the following question: Are children a priority in our lives? Or do our adult needs and priorities and the needs of our organizations and institutions come first?

The answer is not clear in the well-being indexes[67] and the statistics of abuse and marginalization.[68] We have succeeded in reducing the rate of infant mortality, but we hold one of the world's worst records for suicide among 15-year-olds to 19-year-olds. We have given them access to school, but a considerable proportion of them drop out, as if going to school was too hard to deal with. We have smaller families that can look after their children better, but approximately one child out of five lives in poverty, while others must fend for themselves in environments where we take them daily because we are desperately trying to harmonize all our responsibilities. We offer them some of the best protection and health systems in the world, but we cannot reduce the rate of child abuse. We have adopted rules for divorce and separation, but we skimp on preventive mediation services that focus on encouraging understanding between two important actors of the child's network: the father and the mother.

We are often under the impression that children are at the centre of our lives because they occupy so much space. However, we feel that we are ruining everything, that we have failed, that we are doing too much or not enough. We have the knowledge, the love, the organizations, the systems and the institutions, but we probably do not have the generosity to stoop to the child's level.

This generosity requires time and the adoption of a new long-term commitment dealing with all the developmental stages of children.[69] The future of children requires that we plan for the long term and that we find something other than inappropriate or obsolete solutions or crisis interventions. It also requires a society that will take charge of the well-being of its members early on, a society where people share what they have too much of: money or time.

In the final analysis, the time that children require brings up the most important question: Why do we have children? The answer may lie in our lost spirituality that children force us to regain and could have something to do with collective development, population well-being and improvement of the human condition.

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9

The Dance of the Deficit and the Real World of Wealth: Rethinking Economic Management for Social Purpose

by Rod Dobell

In this chapter, we survey briefly the argument that a welfare system founded substantially on a central government commitment to full employment is no longer plausible and conclude, with others, that the evidence is persuasive. Something better is needed as a framework for social policy. Fifty years after the last major reformulation of the welfare system and two hundred years after the main principles of our present market economy were articulated and the sources of national wealth (as seen at that time) documented, it is time to rethink what an appropriate social or institutional response might be to the challenges of the economic world as we now understand it.

The key point is that the forms of wealth or capital central to the knowledge-based, innovation-driven service economy and global information society in which we now live go far beyond raw labour and financial or physical capital: they include skills, knowledge, information and intellectual property; institutional, social and cultural capital[1]; and ecological or natural capital. The creation of wealth in fact rests fundamentally on the increase of social and natural capital. These are the crucial investments our society must make in the current and coming decades. Yet our commercial institutions and our accounting systems lead us astray: we count as "unproductive"– as contributing to deficits – almost all the investments we make for these purposes.

The evidence is now conclusive that we must view the economy more broadly than does conventional economic analysis. Economic mechanisms must be seen as set within the structure of social institutions (including family, household, voluntary sector and civil society generally) within which much of the work of society is conducted. This work is not in the formal economy – it is not paid for in any fashion that brings it into market transactions or economic accounts. Nonetheless, recognition of this broader concept of work extends economic decisions into a public or social sphere and underlines the importance to economic performance of relationships and investment decisions in this realm. The "economically inactive" should not continue to be "policy-irrelevant".

It is also becoming both clear and widely accepted that the ultimate foundation for economic performance is established by the natural systems of the biosphere. To understand economic performance and assure a competitive economy we must extend economic reasoning to consider the ecological systems and underlying resources on which all material well-being is finally based.[2]

In particular, our concept of social support should be based on a social contract, not social insurance. The creation of a social contract is not an act of charity born of compassion, but a necessary investment in a cohesive society and a market economy that can support internationally competitive enterprises. It is thus an investment born of enlightened self-interest for the community as a whole. The social contract we envisage assures a basic income paid to all citizens for two reasons: first, as participants in productive social networks and active contributors to social wealth creation; and, second, as owners of the social capital, represented by social networks and community knowledge, and of the scarce natural capital, represented by the ecological commons, which together form the foundation for market activity. The affordability of the social contract emerges partly from essential repricing of the services of those resources, partly as a result of the revised conceptual framework that will result from better bookkeeping and partly as a recognition that we who are comfortable are going to have to pay something for an essential social commitment that goes beyond an insistence on individual responsibility for individual well-being.

Three ground swells in the social and economic world dramatically alter the context in which welfare provisions must operate: labour market restructuring; our approach to ecological carrying capacity; and the emergence of a networked, increasingly global, civil society. In light of these transformations, a reorientation of social policy toward sharing the costs of economic adaptation and pooling the risks of adjustment in an innovation-driven society seems essential. Specifically, this chapter argues for a guaranteed annual income, or basic income.[3]

A brief review of the evidence suggests that some integrated tax-transfer scheme offering a reasonable assured minimum income to all citizens is feasible and that it is possible to finance the necessary outlays – in part by shifting some of the present tax burden from income to consumption through the repricing of ecological resources. The implied balance of responsibilities amongst governments and other organizations, relying largely on markets but increasingly on voluntary organizations and quasi-market mechanisms, seems plausible; the relationship is consistent with what we need to do in any case in pursuit of ecological and social sustainability. Perhaps the problems are now sufficiently severe and the urgency sufficiently widely recognized to generate the political will to overcome the predictable resistance of the organizations – academic, professional, bureaucratic and union – that will strive mightily to protect privileged positions against any obligation to share in the adjustment costs of an innovative, adaptive and open economy.

None of this is new, but it seems we still have a very long way to go in facing up to the economic consequences of technological developments and maturing social movements.

New World, New Circumstances

Economic change and labour market restructuring

The story of our changing economy – centred on processes of technological change; processes for the diffusion of ideas, knowledge and innovation; and the impacts of such changes on skill requirements – has been rehearsed in many places. Lipsey[4] offers a wide-ranging account of the forces underlying contemporary economic transformations. Osberg, Wolfe and Baumol[5] explore some implications for labour markets. Evidence is growing that the move toward a knowledge-based economy is increasing labour market polarization.[6] In addition, the degree of inequality in the distribution of primary incomes or overall earnings is increasing and is only partly offset by transfers.[7] The problems of long-term unemployment associated with older workers and unskilled younger workers seems likely to grow and to aggravate these trends.

As early as 1930, Keynes[8] anticipated unemployment as the result of the immense productivity increases caused by technological developments. Yet British, US and Canadian policy papers and legislation in the mid-1940s affirmed that Western governments believed that it was their responsibility to assure full employment in the postwar world.[9] In 1994, after nearly 50 years of bruising social and economic change, the Organisation for Economic Co-operation and Development (OECD) takes a somewhat less presumptuous view and advises that there is no single recipe for full employment, but rather a menu of measures that can help move OECD economies towards higher employment with good jobs.[10] It is the OECD's contention that high unemployment is the direct result of the inability of economies and societies to adapt to rapid change.

One of the difficulties for most modern economies is that their insurance-based models of social security, which assume that something close to full employment normally prevails, actually hinder the adaptation to change that is so desperately needed for economic and social survival in a post-industrial world. The current concept of social insurance assumes steady economic growth and assured prospects for full employment in the formal labour force. It functions best in a society where there are numerous and relatively prosperous employed earners, where income inadequacies arise primarily from short-term interruption to earnings and where entitlement is related to previous contributions and contingency rather than income. The percentage of unemployed people receiving social insurance in most OECD countries has decreased sharply since the 1960s, a result directly attributable to contingencies not recognized by the traditional social insurance model. These include long-term unemployment, sustained youth unemployment, the growth of non-standard employment and the tightening of contribution requirements – attributable in large measure to the social learning on the part of both employees and employers that enables the individual production costs associated with fluctuating demand for labour to be shifted to the collective pool. Furthermore, with the growth of employer-provided benefits and pensions, as well as private income among the elderly, the original contingencies of old age, illness, death of the breadwinner and unemployment are no longer automatic determinants of need.

It is estimated that 35 million people are unemployed in OECD countries and that another 15 million have either given up looking for work or have unwillingly accepted part-time work.[11] The link between work and wages as the basic mode of income distribution is clearly inadequate for most modern economies. People continue to define their social role primarily in terms of participation in production and to derive substantial self-esteem and meaning from work. But the range of productive work far exceeds the range of employment, and a new social contract must recognize a broader concept of contribution: it must include income from both formal and informal work[12] and benefits that are not contingent solely upon participation in the formal labour market.[13]

In a prescient analysis of the early 1980s, Rotstein[14] makes a case for government policies that support the informal economy. He argues that the three primary forms of economic activity – reciprocity, redistribution and market exchange – all take place in the informal economy. To the extent that redistribution in the formal economy has been taken over by the state and that the current welfare state is only viable within the context of stable, decently paid jobs, Rotstein questions our dependence on market networks to the exclusion of other forms of exchange: "It is precisely the ability of informal networks to identify and address new social and economic needs ... that makes possible the creation of new circuits of production and consumption. These networks coexist with and feed into the formal market. The informal economy can thus serve as the source of a series of potential new economic activities upon which policy makers can draw to supplement and expand the number of registered and wage-remunerated employment opportunities." It is also worth noting that it is in the activities of this "third sector" that the comparative advantage of humans over machines in dealing with variety and situational complexity is likely to have its greatest impact in increased employment.[15]

Sustainability and the Full-world Economy

The publication of the World Conservation Strategy[16] in 1980 introduced sustainability as a key feature in public policy making. Work in environmental economics has since argued for much broader acceptance of methods to integrate environmental considerations into economic decisions by pricing resources and ecological services more appropriately. But this argument, although it represents important progress, still has the basic relationships backwards. Ecological economics, by contrast, integrates economic decisions within broader recognition of social institutions and sets all those within the framework of the biosphere, the network of natural dynamics that forms the life-support system for humanity.

The failures of price systems, financial accounting systems and systems of national accounts to capture essential features of transactions involving natural capital or environmental amenities are widely recognized.[17] Also recognized is the necessity of correcting flawed markets with fiscal instruments like "green taxes", or creating new markets for trading in new property rights, or implementing "polluter-pay principles" of the sort advocated by the OECD since the early 1970s. Such measures are now seen as essential to correct otherwise misleading market signals and misinformed economic decisions.[18] Kennedy[19] emphasizes the importance of public assets in attempts to achieve real reform in income security. Beyond the simple correction of market calculations and social performance indicators, more profound restructuring of social decision-making is occurring with the attempt to find consultative procedures and processes of shared decision-making designed to assure adequate preservation and renewal of scarce natural capital.[20]

What these developments mean for public policy is that, along with investment in social infrastructure to assure opportunities for individual participation in useful social roles, public investment activity designed to protect or restore the foundation of natural capital on which the economy rests is also a critical infrastructure investment – a key investment in a productive resource base. The consequence, which has perhaps not yet been fully recognized, is that there must be dramatic adaptation of markets and production structures to more informed recognition of these costs through the widespread introduction of user charges and "green taxes". While these attempts at repricing are designed primarily to improve market information, they do offer new revenue sources as well. These revenues could be earmarked to employ large numbers of people in the work of conservation, preservation and adaptation of the economy to the massive structural changes that must follow when the repricing and revaluation necessary in the pursuit of sustainable development is more properly reflected throughout the price system and market mechanisms generally.

The transition to a "full" world, one that is feeling the pressure on limits to carrying capacity, reflects the scale problems arising from both global population growth, primarily in the South, and intensive consumption and production activity, primarily in the North. As natural capital becomes scarce, it must be priced and rationed in production; its value must be accounted for in wealth estimates and national accounts, and the incomes generated by its use must flow to its owners. The owners of these resources are the citizens of the nation, who share in the returns to the resource as a matter of right, not as a matter of redistribution. This profound transformation in pricing mechanisms and production structures, necessary when the role of natural capital is recognized, is one factor leading to a radical revision of the conceptual bases underlying arguments for an assured minimum income.

Concepts of wealth creation and the sort of work that represents wealth creation thus have to be substantially broadened. Conservation corps, for example, or habitat improvement activities, which might never pass a standard test of commercial viability to the satisfaction of local bankers, nevertheless have to be recognized as wealth-creating. High rates of return on forest ventures that rest on practices that destroy salmon habitat and erode forest lands, or profitable fishing ventures harnessing technologies that strip the seabed but use only minuscule proportions of a massive by-catch, must, on the other hand, be seen as wealth-destroying. With this broader notion of wealth creation, we can see participation in the economy and contribution to society in a wide range of activities that increase the sustainability and growth of ecological, human and social capital.

Re-emergence of Civil Society: Home Realm of the New Social Capital

Liberal democracy has always required the existence of a third realm, independent of the market and state, to act on behalf of community and societal interests. Historically, this third realm of civil society has not been treated as a system because of its lack of a strong, unique form of organization equivalent to the hierarchical institutions of government or the competitive markets of the economy. However, information technologies and related innovations in management and administration are enabling the network form of organization to gain strength.

In a provocative recent paper, Ronfeldt and Thorup[21] argue that the advent of information technologies has led to the erosion of hierarchy, diffusion of power, blurring of boundaries and opening up of closed systems, all of which combine to challenge the supremacy and efficiency of both government institutions and atomized markets, while at the same time increasing the power and effectiveness of informal social and economic networks. The information revolution is making it possible for many previously small, weak and isolated actors to communicate, consult and co-ordinate with one another as never before. This trend heralds the transformation of society into a more complex, interconnected structure – a multiorganizational network – resulting in a new balance of power among the state, market and civil society. This new balance will force greater attention to the importance of non-market activity and non-profit institutions and will have a significant impact on the way economic decisions are made.[22]

Some implications for policy makers are clear. First, they can expect an explosive growth of activity in the realm of civil society across North America, with opportunities for co-operation, competition and conflict in and among the state, market and civil society. Second, they can expect an increase in public and citizen diplomacy with the need to rethink and reorganize the relationship between government and civil society at all levels. And finally, the integration of civil societies as well as markets will require governments to develop new criteria for successful international relations, embedding trade and commercial relations more explicitly within international commitments to environmental and social principles.

More concretely, however, these developments underline the importance of the cultural or social capital within which productive activity is organized. The development of social networks, and the rules and understandings on which they operate, are critical to production.[23] This social wealth has measurable economic value. The skills and knowledge that are widely acknowledged as key to future prosperity are exercised within the framework of this institutional capital or social infrastructure. It is this collective institutional capital – the capacity to build and effectively use individual skills and knowledge – that forms the basis of the wealth of nations or regions. And it is this social or cultural capital that determines whether the critical interface of our human activities with our natural home – the biosphere – will be effectively managed.[24]

Rethinking Social Policy: The New Social Contract

A high degree of social consensus will be needed to move forward with the changes made necessary by rapid technological change and globalization. Some people will have particular difficulty making these changes. Yet by excluding the people slower to adapt or precluded by circumstances from doing so, mainstream society risks creating social tensions that could carry a high human and economic cost for all. Refusal to share broadly the costs of adjustment forces persistent recourse to all the work rules and rigidities that impede necessary adaptation. By refusing to address human security, we force an obsolete clinging to job security throughout an economy that should be more flexible.

A social contract provides security – individual and collective – from the risks of economic change and global competition. The pooling of risks through social insurance, social assistance or regional adjustment is a natural response of any community observing the problems that individuals face in adapting to changing circumstances. This bargain entails accepting the need for social investment in human capital formation, in institution building and in restoration and preservation of renewable resources as a legitimate charge on the public purse. In the new economy, public support for services such as education, health and social welfare – and, indeed, provisions for career development and job transition – are not forms of social policy representing non-productive consumption, but are investments in human capital, which contribute directly and significantly to economic growth, development and productivity. They generate their own tangible economic returns in the future. They should no more be treated as a burden on future generations than should corporate borrowing for new facilities and equipment.

The spectre of declining real incomes in a highly indebted North America demands new strategies and mechanisms for maintaining social cohesion. The polarization of income distribution also demands other mechanisms to bridge the enclaves created by sustained high unemployment and the "good jobs, bad jobs" phenomenon. In an era of economic quick fixes and short-term solutions to dogged social problems, the prolonged adjustment period required to move us onto a new track of ecologically and socially sustainable development also necessitates an openness and responsiveness to market signals that can only be achieved by pooling the risks and shocks of an uncertain world through new mechanisms of income redistribution. The need for new mechanisms, in turn, forces us to re-examine the nature of participation in the family, neighbourhood, school, workplace, province or region, nation and global community. When productivity is more broadly defined in both the formal and informal economies, it can be seen that a social role and a productive place in the economy can be found through paid employment, self-employment, education and training, voluntary work, community development or environmental conservation.

And finally, we need to examine distributional issues arising around questions of access to the infrastructure and media of the information society. Economic or educational barriers to use of communications technologies, databases and network services not only can exacerbate problems of income distribution, but also will raise even more fundamental issues of democratic participation and civic roles. The challenge is to develop a policy framework within which all of these issues can be seen as part of the whole rather than as separate sectoral concerns, and through which we can examine the impact of a necessary repricing and restructuring of market activities in the direction of social cohesion and ecological sustainability.

For this, the social contract must reflect the features enunciated 50 years ago by Rhys Williams: "The State would acknowledge the duty to maintain individuals and their children at all times, and to ensure for them the necessities of a healthy life. Individuals, in their turn, would acknowledge it to be their duty to devote their best efforts to the production of the wealth whereby alone the welfare of the community can be maintained."[25] The social contract entails personal obligation and commitment, a responsibility to participate and contribute in an evolving economy that has forfeited much of its apparatus of job security. But it does so on the basis of a social commitment to a minimum participation income reflecting that contribution and the inherent claims of all Canadians to a share of the returns of the social network and ecological commons that make up Canada.[26]

Rethinking the Mechanics of Distribution: The Candidate Scheme

The idea endorsed here is essentially the guaranteed income with a simple tax (GI/ST) developed by Wolfson.[27] Similar principles are found in the basic income guarantee with partial integration of the tax and transfer system (BI 2000) developed by Parker,[28] and are reflected also in the concept of participation income discussed by Atkinson.[29] They can be found in the support-supplementation proposals of the Federal-Provincial Social Security Review of the early 1970s, and in the universal income security program (UISP) proposed by the Macdonald Commission.

The fiscally neutral GI/ST proposed by Wolfson harmonizes the personal income tax and transfer systems while simplifying and consolidating existing programs, improving incentives and providing more support to the working poor. It starts from the simple idea of combining a guaranteed income with a flat tax embodying a constant marginal tax rate. If a flat tax is tied to an initial income guarantee, the result is a progressive structure in which average rates of tax increase with income, even though marginal tax rates are constant.

A guaranteed annual income already exists in piecemeal form for the elderly and families with children through Old Age Security, the Guaranteed Income Supplement and a child tax benefit. The recombination of these into one program serves as the basis of the guaranteed income portion of the GI/ST. The child tax benefit, Guaranteed Income Supplement, Canada Assistance Plan, married and equivalent-to-married exemptions, basic personal exemption and age exemption as well as pension, employment and investment deductions would all be abolished – rolled into a basic income paid to all individuals without means testing or a formal work requirement.

The program could be further enriched by incorporating existing unemployment insurance provisions as well. A UI scheme addressed to income continuity for people with generally secure opportunities in the formal labour market might be established on private, rather than social, insurance principles, with any public resources thereby freed flowing to the higher-priority basic minimum income.

In place of the abolished programs and tax provisions, a set of basic federal income guarantees would function as an income supplementation tier. The federal government would thus assume responsibility for the working poor and provide a nationally uniform minimum income for all Canadians. Provinces would then have full responsibility for providing the top-up income support to the poorest; they could tailor this income support according to region-specific factors in ways that are perhaps inappropriate for the federal government.

To address the issue of progressivity, the GI/ST incorporates a two-step tax rate structure, rather than the completely flat tax described above. One single basic federal rate of tax, applied to net income, would replace all existing income tax brackets. A surtax on income above a certain threshold would then be levied on total income. With no personal exemptions, tax would start on the first dollar of net income. The federal-provincial tax collection agreements would be retained, but provincial tax rates as a percentage of the new federal basic tax (including the surtax) would be reduced to reflect the resulting broader tax base. (It should be noted that the simplicity and attendant efficiencies of the flat tax rate of the GI/ST would be lost if provinces were to impose their own complicated rate structures.)

In terms of delivery and responsiveness, the GI/ST lends itself to the use of the source withholding system for income tax because the integrated basic flat rate of tax applies over the entire income spectrum and uses the individual as the taxpaying or beneficiary unit. As income testing could be substantially integrated into the source withholding system, the issue of universality vs. selectivity becomes considerably less relevant. A more relevant issue is whether spouses who stay at home to care for children and elders should receive their own and their dependents' guarantees in full, or whether these should be netted against the working spouses' income tax liabilities.

With modest amendment to the basic design, the GI/ST could be targeted more specifically toward redistribution within the income spectrum, and also more targeted in its redistribution within and among family groups. But, as emphasized below, the inevitability of some redistribution must be faced. Under the GI/ST design explored by Wolfson in 1986,[30] just under half of all families would experience net declines in disposable income.

Wolfson contends that the conceptual changes involved in the GI/ST are more daunting than the practical changes in delivery systems. At the federal level, there would no longer be any difference between income transfers and income taxes; both would be part of the same integrated system whose primary objective is redistribution. A possible obstacle, however, might be that "bureaucrats involved with the welfare and transfer system are unlikely to recommend substantial simplification to the current system because they would, in effect, be suggesting major disruption in their own [professional] lives."[31] Also, potential beneficiaries of piecemeal redistributive programs will lobby hard for their continuance, and a proliferation of specific policies will typically generate more votes than a systematic overall redistributive system – a political incentive that is not easily ignored. However, the fiscal incentives may yet outweigh the risks. The GI/ST is more elastic with respect to real income growth than the current system. This means that the federal deficit would fall more quickly with GI/ST as the economy moved toward full employment and real incomes grew than it would under the current income security system. (Wolfson also notes that the netting of benefits against taxes owing can have a large impact on total dollar flows and a corresponding effect on the apparent size of the federal government, depending on whether the income guarantees are treated as direct spending programs or refundable tax credits.)

A minimum participation income would cushion the shocks of adjustment to and in the new world economy. It is the logical support to an emerging dual structure within the economy: a competitive, high-productivity, high-income, technology- and capital-intensive sector with a rapid redeployment of labour, co-existing with a publicly financed, labour-intensive service sector that cannot justify comparable wages, especially while operating under conditions of continuing fiscal restraint. A minimum participation income also promises much more efficient labour markets.[32]

It is worth noting that this sort of scheme is not inconsistent with – indeed, it complements well – an approach based on restructuring incentives toward reduced hours of work, particularly in the high-income enclaves of the labour market. The 1994 edition of the *Human Development Report* contains a brief but very positive reference to job sharing as another avenue to reduced unemployment and improved income distribution.[33] With the broader concept of work and participation advocated here, implementation of this approach would be simplified: it amounts simply to shifting the balance at the margin between contribution in the formal workplace and contribution in civil society or the informal workplace.

The minimum participation income, then, becomes a form of social consensus on fair ground rules for sharing the burden of adjustment costs. But the proposal is not without cost. Even though it might be made fiscally neutral in aggregate, the GI/ST does involve redistribution. The question, then, is whether there exists yet in Canada any appetite for such redistribution or any prospect of the necessary tax changes.[34]

Volumes have been written on all these issues; several have been cited above. Without going into specific features, the simple point of this section is that a reasonable case can be made for the feasibility and effectiveness of an integrated system for delivery of a basic minimum income.

Reality Check: Taxable Capacity and the Race to the Bottom

All the above is well and good as thoughts for the longer term. But there is no denying the urgency of the current fiscal crisis or the simple arithmetic of accumulating debt. We must address our foreign debt as a basic constraint on sovereignty and government policy discretion. We must address our government debt more generally, because interest payments increasingly eat up program space. Addressing these obstacles, particularly the former, undoubtedly entails a considerable period of underspending as a nation – a course on which the federal government has embarked and to which it seems committed. But underspending need not mean underinvestment. Tax and spending changes both should aim at encouraging reduced consumption rather than the abdication of social responsibilities or the loss of social investment.

The threat of capital strike is everywhere. It is said that if we do not produce what the gnomes of the rating agencies like in the way of budgets, essential capital inflows will dry up. If we do not do what corporations would like in the way of taxes, plants will move. This argument may be overdone. Survey data and anecdotal evidence suggest that location decisions are considerably more comprehensive than implied by the capital-strike argument. The location decisions of firms consider the availability and character of skilled labour force. And a cohesive body of skilled people seems more likely to be available if the quality of life is there. Natural capital and social capital are not mobile (though both are exhaustible). The growth of a networked civil society makes it less likely that firms will see advantage in chasing each other in a "race to the bottom", where countries compete to offer the most lax regulatory environment or the most generous tax regime. Indeed, the relative lack of mobility of scarce natural and social capital provides a basis for the reintroduction of theories of comparative advantage, which have been seen to be increasingly irrelevant as a basis for reasoning about social welfare in a world of where human and intellectual capital are mobile, along with financial capital, goods and services.[35]

The notion of "taxable capacity" is a notoriously slippery concept. Colin Clark, a famous precursor of the minimal government school, is credited with what once was thought an iron law of public finance: when government expenditure exceeds 25% of national income, you hit a wall. Clark's conclusion was directed toward the dynamics of price formation: the "wall" was a "general rise in costs and prices".[36] But observers made the leap from the inflation problem to a more general "wall" – taxable capacity – fairly readily.

In company with most other developed economies, we are, of course, considerably beyond that limit by now. Perry[37] gives us – with many careful qualifications – some interpretation of international comparisons using the OECD's annual compilation of revenue statistics.[38] What he reports is that from 1990 to 1992, Canada moved from a ranking of 12th to 11th in the OECD tables showing the ratio of total tax revenues to gross domestic product (GDP) in each country. These comparisons also show that, despite all the talk of killer payroll taxes, Canada relies very much less on this revenue source (as a percentage of GDP) than do other OECD countries. Moreover, in non-tax revenues, including charges for use of natural resources or ecological services, Canada ranked below 10 other OECD countries, including the United States. Despite predictable apprehensions about the distortion of market allocations, such charges are not bad just because they enter production costs – the question is whether they represent real costs. If so, they should be levied (and Canada may have more room for such charges because we have more natural capital at risk).

Thus, it seems that Canadians are not in fact as heavily taxed relative to others as current rhetoric might suggest. Indeed, so far as a general social acceptability of tax burdens in industrialized countries is concerned, Canada occupies a rather traditional position near the centre of the OECD pack. Nevertheless, it is the tax regimes of our particular "competitors", rather than more general comparisons, that set a limit on taxable capacity.[39] In this case, we have to worry about levels of taxation in Japan and the United States, particularly the latter. Both fall very close to the bottom of the OECD tables. The issue, then, is not general social willingness to pay taxes, but the mobility of capital and labour and the problem of downward harmonization – the convergence of social and environmental policies toward some lowest common denominator. As with this issue in other settings, the response has to be to look at the evidence in context. "Pollution havens", for example, do not suck in all production activity.[40] And even if not valued symmetrically, the greater social wage payable from higher taxes must also be taken into account, as the plaintive laments of Mr. Iaccoca about the unfair competition of Canada's health system attest. Surveys of location decisions suggest at least some evidence that executive locations may reflect quality of social, physical and natural environment, school conditions and other such "non-economic" concerns at least as much as tax rates on personal incomes.

It can be argued that one need not look further than current political action and electoral circumstances to verify that the willingness of the Canadian public to be taxed has reached its limit. But again, as with other conclusions drawn from electoral signals, it is not clear precisely what stimulus is provoking the observed response. There is scattered evidence of greater willingness to pay taxes earmarked for approved purposes, particularly in relation to environmental concerns.[41] For example, "the Environmental Monitor research shows an energy tax, properly explained, would be supported by a majority in all regions of the country, if all resulting revenue was used to reduce air pollution."[42]

With ecological tax reform, the tax base shifts substantially to the resource rents generated by natural capital as economic transactions are linked to their ecological setting.[43] Ecological taxes do not represent the introduction of new revenue instruments for their own sake, but rather the recognition of the need on the part of resource owners, including governments,[44] to price resources and ecological services more realistically to reflect the growing scarcity (and hence growing production value) of natural capital and our increasing concerns about sustainability.

This appeal to improved market functioning is crucial not just from a distributional perspective, but for allocative efficiency as well. The introduction of ecological taxes could finance much local community activity in resource restoration and habitat enhancement, which would be carried out by community conservation corps and similar entities, some possibly outside the existing formal economy. An increase in stumpage rates, water rates or other charges for ecological services is not to be construed as a cause for a taxpayer revolt – it is simply a reflection of decisions by the owners of the resource to price more appropriately services that others wish to purchase for inputs into production.

In reassigning revenue sources (except for "carbon taxes" or other "green" taxes introduced to meet international commitments – for example, on greenhouse gas emissions), the ecological tax revenues would presumably accrue principally to the provinces and be earmarked for ecological and social infrastructure investment and the financing of plans for labour transition and retraining. Integrated sales taxes and the GST could be collected by the provinces with a rebate to the federal government. Income taxes, with perhaps a surtax above a certain income threshold for deficit reduction purposes, would continue to be collected by the federal government. Hawken[45] suggests the political necessity of having every incremental dollar collected from ecological taxes used to reduce income and payroll taxes; others suggest that any such revenues must be allocated to deficit reduction (whatever that financial sleight-of-hand might mean). We remain more optimistic that the use of resource rents to finance the transition out of unsustainable activities and the maintenance of the natural capital base will prove persuasive and acceptable in the longer run.

Still, in the short run, we have a problem. Beneath the insistent beat of the Bay Street drums pounding out the dance of the deficit, another theme can be heard: that there is simply no choice – that we have, even at the level of the nation as a whole, simply no discretion left to continue a tradition of social policy based upon a sense of shared responsibility. Repeatedly we are warned that if we do not mount a sufficiently vigourous assault on the social support system, in which the leisured unemployed are said to be lounging, the hordes of the international financial bureaucracy will no longer wait outside our gates. We will have our social policy made for us.

This sense of impotence at the level of the sovereign state seems in strange contrast to a growing sense of self-sufficiency expressed at the community level as groups increasingly come together to pursue common goals of community economic development and sustainability. It also seems a little premature in a nation like Canada. There is absolutely no doubt that existing structures do need reform and that the deficit problem must be attacked vigorously and effectively. We do have to get debt service obligations down dramatically, simply to avoid a continuing structural budget deficit while program outlays fall far short of tax revenues. But it is still possible to mount this attack on our own terms, in our own way, as Canadians, if we can marshal our resources more consciously.

There is, however, a practical problem. Even if we could agree that much of what is considered government current expenditure would, in a more comprehensive analysis, be recognized as accumulation of productive capital (contributing to the wealth of the nation and properly counted neither as a deficit nor as an intergenerational burden), we are still heavily mortgaged. Our external creditors might not agree with our investments in long-term productivity through human, cultural and natural capital. And as every farmer knows, the name on the bottom of the mortgage has the last word (and frequently a short-term outlook). We lack discretion on fundamental policies and values for the crass but sufficient reason that we owe so much money to outsiders.

Why can we do nothing about this problem? If we are truly facing a national emergency and we find it essential to reduce current levels of debt service, particularly on foreign debt, if we are to have revenues for program outlays, let us consider some emergency measures.

A first and obvious measure will occur to any member of a private club or partnership – a one-time capital levy collected by the federal government, payable over, say, three to five years. The proceeds of this levy would be dedicated to retirement of the federal government's foreign debt as it matures or could be called, with any interim surplus held in trust for repayment as debt matures in the future. Such a measure has the advantage of aiming the big guns directly on the root problem behind the current crisis – the overhanging burden of foreign debt service – by drawing on the assets of the most well-off rather than plodding along with the modest flow of expenditure savings that can be reallocated from annual flows by squeezing the least well-off. In times of crisis, we perhaps should consider recourse to such unusual measures.

Other possibilities spring to mind. In 1995, 50th anniversary of the end of World War II, entrepreneur Bob Blair and a few other voices were heard suggesting that something like a Canada Social Responsibility Bond, modelled on the Victory Bond, might be able to draw out pools of capital willing to forgo the final margin of optimized financial return in support of a common national cause as important as reducing our foreign debt. We might contemplate withdrawing preferential tax treatment on RRSPs or other pension funds invested in foreign assets, thus strengthening demands for Canadian assets and reducing the need for Canadian governments to borrow abroad. Vallee[46] suggests a much more dramatic and potentially controversial – but also potentially powerful – possibility in switching from a philosophy of preferential treatment for contributions to RRSPs and taxation of withdrawals to one of contributions out of after-tax income and tax-free withdrawals. In the flat-tax world envisaged above, there would be no disadvantage to taxpayers in such a switch – and it opens up the possibility of a retroactive recapturing of the accumulated funds lent by governments to taxpayers through past preferential tax treatment, with substantial favourable impact on government debts and deficits.

Still more fundamentally, recognizing that the pool of foreign assets from which we borrow is very like a common pool resource, perhaps we need to control access more carefully to avoid traditional congestion problems. For each individual borrower or lender, access to international lending and borrowing offers individual benefits. Adverse impacts on credit ratings and policy discretion are congestion costs borne collectively. Administrative mechanisms for co-ordination or control of individual transactions, or an appropriate premium levied on such transactions, might better signal the social cost of individual optimizing decisions and bring these decisions more in line with collective welfare.

In addition to such emergency measures or the introduction of a more substantial wealth tax, we might consider a further step – to a continuing tax on international currency transactions. In the 1994 *Human Development Report*,[47] Nobel laureate James Tobin reminds us of his 1978 proposal for a uniform tax levied on all spot transactions in foreign exchange. He suggests that a 0.5% tax on foreign exchange transactions would focus attention on economic fundamentals rather than speculative opportunities and would slow speculative capital movements without deterring commodity trade or serious international capital commitments. Such a transactions tax, it is argued, would be designed to make international money markets compatible with modest national autonomy. (He does, however, note that such a tax would have to be worldwide to avoid evasion by executing transactions in havens where the tax deliberately did not exist. The proceeds of such an international tax would, he argued, appropriately be directed to international purposes.) While the immediate practical relevance of this suggestion in the Canadian setting may be limited, Canadian support of efforts to reach international agreement on such a tax is perhaps an appropriate part of a longer term strategy and would have some significance in attempting to deal with concerns about a loss of national sovereignty in social policy fields.

Ide and Cordell[48] advocate a technology productivity tax to distribute the productivity gains inherent in the new technology, thereby maintaining an effective demand for goods and services. They argue that advances in productivity must be distributed more broadly if we are to avoid economic collapse. "The productivity of workers is now to be found in the productivity of technology. ... Some of the gains in productivity must be taxed to create and maintain [public] infrastructure ... and to provide a basic level of income." They make a case in particular for a "bit tax" levied on a new tax base, the bitstream – "that myriad of transactions, images, voice, text, data – all carried over global telecommunication, cable, and satellite networks."[49]

So as we look at the question of taxable capacity and the feasibility of financing a continuing social contract in Canada, certain avenues seem to call for sceptical further examination before we conclude that the social policy envelope must be gutted to solve the deficit problem:

1. Given that we are, in terms of ratios of total tax revenue to GDP, little higher than the G7 or OECD average, indeed just about the middle of either list, is it really true that we could find no support in Canada for increased taxes, particularly if earmarked for widely understood and endorsed purposes?
2. Given that we rely relatively little on charges or indirect taxes on corporations, is it really true that we could find no acceptance for increased charges for infrastructure or ecological services rendered in production, recognizing that such charges would improve resource allocation and promote sustainable enterprise while generating revenue to support investment in sustaining national wealth?
3. Finally, given the growing importance and awareness of critical social and natural capital assets as determinants of long-term competitiveness and comparative advantage, do we really need to be as worried as we are that capital and enterprise will readily find greener fields outside our borders?

The point, ultimately, is the need to find effective institutions to think further ahead about mutual interests – to recognize, beyond self-interest as revealed by short-term market calculations, some longer term shared interests signalled by ethical guidelines that have evolved over a longer history. Of course, it is easy to point to experience that suggests that "short-term pain for long-term gain" is not a very persuasive slogan in economic – and, far less, political – affairs. But economists also provide compelling evidence that even on their own terms, conventional economic guidelines for the calculation of self-interest are not well founded.[50] Experience with processes of shared decision-making suggest some basis for optimism that longer term social interests can sometimes be reflected in collective decisions that reconcile apparently conflicting short-term interests, even if these decisions demand that parties act as citizens in the public interest rather than as economic agents pursuing individual interests.

Rethinking Fiscal Federalism: Roles of Governments

For purposes of this chapter, looking to medium- and longer-term issues, it has to be assumed that Quebec will remain part of a looser federation, which has succeeded in a substantial disentanglement of existing programs and responsibilities. It also has to be assumed that it will be possible for federal, provincial, territorial and First Nations governments to negotiate co-operative arrangements for the division both of tax powers and of jurisdiction or responsibility.

In broad-brush terms, without pretending to any exhaustive enumeration of program roles or calculation of financial balances, a general division of responsibilities consistent with the disentanglement sought emerges from the foregoing discussion. In this division, the federal government would exercise its taxing and spending powers directly to define the fundamental sharing and pooling of risks that flow from membership in the Canadian community. Through an integrated income tax and transfer system, the federal government would deliver a minimum participation income. Indeed, this program would become in large part the defining rationale for the national government in a situation where its role may otherwise be seen as substantially eroding.

The federal government role would also include continued responsibility for equalization programs, for ensuring effective functioning of the economic union and for the articulation of national standards as common goals for programs across the community.

Disentanglement of program responsibilities would be achieved through devolution to provincial, territorial and First Nations governments of responsibilities for additional support for individuals clearly not expected to work and for community-based social services. The last, in turn, would likely be devolved or contracted to organizations and groups in the voluntary sector or the informal economy.

In particular, provincial and local governments would hold responsibility for community economic development, resource management and sustainability. Programs for conservation, habitat restoration, environmental monitoring and the like, financed by increased resource rents and ecological taxes, would provide a foundation of skills development, retraining and experience that would support the transition from school to work or from temporary unemployment to work.

The disparity between fiscal capacity and statutory social obligations has grown substantially over the past two decades, increasing the pressure on federal and provincial governments to undertake significant reforms for fiscal transfers and program designs. In 1986, Courchene cautioned that this reform must be embraced in a collaborative manner: "It is far preferable for Ottawa and the provinces to fall back on co-operative federalism and develop a coherent, co-ordinated policy to meet these challenges while time is still on their side than to be dragged into a series of stop-gap policies in times of fiscal or social policy crisis."[51] Eight years later, with crisis closer upon us, co-operation is still preferable.

An approach that seems persuasive has been outlined by Mintz and Wilson.[52] They suggest that the allocation of tax powers should reflect the division of expenditure responsibilities, and therefore that sales and excise taxes should be devolved to the provinces (ideally, perhaps, with a fully harmonized GST being collected at the provincial level), while wealth and capital taxes, tariffs and corporate income tax fields would be occupied by the federal government. Environmental taxes and the personal income tax would be co-responsibilities (with the latter collected by the federal government under appropriate agreements).

Canadian social policy has become increasingly important as a means of linking the country in some shared project. In attempting to deal with reform of the social security system in Canada, the federal government has a role to play in setting national standards for income security. The National Council of Welfare[53] has suggested five guiding principles that are relevant to all existing provincial and territorial welfare systems: adequacy, simplicity, accessibility, equity and due process. These principles provide common ground to satisfy the equity and efficiency requirements of policy reform by furnishing the economic union with uniform rules and benefits that establish fundamental citizenship entitlements and by ensuring that economic choices in areas such as trade, investment and mobility are not prejudiced by non-market factors.

Conclusion

This chapter has asked what sort of rethinking of economic management and social policy might emerge if we took seriously in aggregate what is increasingly widely recognized in bits and pieces – that our price mechanisms are seriously flawed in their representation of the values of ecological resources and services; that our accounting frameworks are dramatically incomplete in their failure to incorporate the values of natural resources and the significance of work in the home, the community and the voluntary sector; that our systems of property rights lack any satisfactory machinery for the conservation of natural capital and elements of the global commons; that our concepts of participation, contribution and wealth creation are distorted and dysfunctional; and that our distributional mechanisms fail to meet minimal standards of distributive justice.

Given these profound limitations of our present social and economic performance indicators, our generally accepted tests of economic value and fiscal viability are, for all but short-term bookkeeping, not simply meaningless: they are perverse. Tests of commercial viability are momentary and myopic, almost certainly misleading as measures of wealth creation or enduring economic value. The market is the most effective social innovation imaginable to serve the needs of a civilization wishing to decentralize almost all the tasks of economic management. The main claim here, however, is that the market is *not* the fundamental reality with which we must deal in rethinking social policy. The deficits of greatest concern are not the fiscal deficits as measured by accountants (without reference to public assets) or by economists (without reference to social or natural capital). They are the social deficit, capturing the shortfall in our investment in people and social structure, and the sustainability deficit, revealing how far short we fall from maintaining the capital that is the common heritage of humankind. The "wall" with which we must be concerned for purposes of public policy in the long run is not the wall of debt service constraints, but the wall of ecological carrying capacity. It may be that this latter wall is not ultimately a binding constraint or a reason for pessimism about maintenance of living standards; it may be that a viable path of sustainable development based on continuing technological innovation can be found. But it will not be found without massive revision of our market models. (And it is doubtful that it can be found without massive revision in lifestyle in the industrialized North. But that is another story.)

Three new features of the economic and social context have emerged within which the system of social support must now operate:

1. Economic and social restructuring have meant that labour markets, family structures and income generation mechanisms are not what they once were. Therefore, we have entered a world of unprecedented uncertainty, insecurity and vulnerability in employment and family support.
2. The present scale of human activity has brought us to the ecological limits or carrying capacity of the biosphere. Therefore, we have entered the "full world economy", where ecological resources and natural capital are scarce and crucial to production.
3. The information revolution that has moved us to the knowledge-based economy has also moved us to the borderless market and the information society, where transboundary influences give rise to the globalization of civil society (though, sadly, perhaps not the civilization of global society) and put immense premium on democratic and social participation through access to the machinery of the information society. In effect, the distributional concerns arising out of restricted or unequal access to information and communications capabilities have become increasingly central.

What becomes clear in this setting is that social policy is a concern for us all, needing security in an uncertain and volatile adaptive process, and not just a concern for the destitute, needing a hand out of poverty. Social policy must be directed toward assuring for all the opportunity for a recognized and respected role in society, for participation in the information society and for participation in the emerging civil society in which the wealth creation activities of the informal economy are recognized. At the same time, the distributional issues arising out of the concern for future generations (that is, the concern for sustainability) must also be addressed. What this analysis makes clear is that we must create the social institutions in which the machinery of the market can be properly directed, and that we must set these social institutions properly in the context of the natural systems that support them. Thus can economic, social and ecological sustainability be pursued in human decision-making. The concept of human security makes sense in no other context.

Endnotes

[1] The expression "social capital" is used here in the formal sense suggested by Elinor Ostrom: Institutions or "rules in use" represent social capital, the creation

of which demands expenditure of effort and resources and the presence of which assures a greater stream of returns to given stocks of physical, human and natural capital. See E. Ostrom, *Crafting Institutions for Self-Governing Irrigation Systems* (San Francisco: Institute for Contemporary Studies, 1992).

[2] D. Quinn, *Ishmael* (Toronto: Bantam, 1992); E.O. Wilson, *The Diversity of Life* (Cambridge: Harvard University Press, 1992).

[3] See M.C. Wolfson, "A Guaranteed Income", *Policy Options*, (January 1986): 35–45; and A.B. Atkinson, "Beveridge, the National Minimum, and Its Future in a European Context", Discussion Paper WSP/85, Welfare State Programme, STICERD (London: London School of Economics, 1993).

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[5] L. Osberg et al. *The Information Economy: the Implications of Unbalanced Growth* (Halifax: Institute for Research on Public Policy, 1989).

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[8] J.M. Keynes, *A Treatise on Money* (1930), quoted by A.J. Cordell in *The Uneasy Eighties: the Transition to an Information Society*, Science Council of Canada, Background Study 53 (Ottawa: Ministry of Supply and Services, 1985).

[9] British White Paper (1945), United States Employment Act (1946) and Canada's White Paper (1946).

[10] Organisation for Economic Co-operation and Development, *The OECD Jobs Study: Facts, Analysis, Strategies* (Paris: OECD, 1994).

[11] OECD, *Jobs Study*.

[12] Informal work encompasses the non-market economic activities of households and communities. It includes the legal production of food, clothing, shelter and heat for personal, familial and community use, child rearing, housework, home maintenance and renovations that are not contracted out, volunteer activity, mutual aid, barter, skills exchange and co-operative or collective enterprises. Certain characteristics of production and exchange in informal work are highly suited to the current economic environment; e.g., less money involved in transactions, decentralization, locally controlled production, more emphasis on co-operation, egalitarian information flows and strategic alliances, increased participation by women and youth, less emphasis on the profit motive and capital accumulation, and greater sensitivity to the effects of economic activity

on the environment, on personal well-being and on relationships with others at work, home and in the community.

[13] Lerner surveys these issues and possible policy responses in some detail. See S. Lerner, "The Future of Work in North America", *Futures*, 26, 2 (1994): 185–196.

[14] A. Rotstein, *Rebuilding from Within* (Toronto: Lorimer, 1984).

[15] A. Nakamura and P. Lawrence, "Education, Training and Prosperity", in *Stabilization, Growth and Distribution: Linkages in the Knowledge Era*, edited by T.J. Courchene, The Bell Canada Papers on Economic and Public Policy (Kingston, ON: Queen's University, John Deutsch Institute for the Study of Economic Policy, 1994).

[16] International Union for the Conservation of Nature et al. *World Conservation Strategy: Living Resource Conservation for Sustainable Development* (Gland, Switzerland: IUCN, 1980).

[17] D.W. Pearce et al. *Blueprint for a Green Economy* (London: Earthscan, 1989); Wolfson, "Divergent Inequalities"; M.C. Wolfson, "Implications of Evolutionary Economics for Measurement in the SNA: Towards a System of Social and Economic Statistics", prepared for the Conference of the International Association for Research in Income and Wealth, 21–27 August 1994 (Ottawa: Statistics Canada, 1994).

[18] P. Hawken, *The Ecology of Commerce: a Declaration of Sustainability* (New York: HarperCollins, 1993).

[19] B.R. Kennedy, "Real Reform in Income Security", *Policy Options* (November 1989): 9–12.

[20] British Columbia Commission on Resources and Environment, *A Sustainability Act for British Columbia* (Victoria: Queen's Printer for British Columbia, 1994).

[21] D. Ronfeldt and C. Thorup, "NGOs, Civil Society Networks, and the Future of North America", in *Transborder Citizens: Networks and New Institutions in North America*, edited by R. Dobell and M. Neufeld (Lantzville, BC: Oolichan Books, 1994).

[22] M. Dorais, "Environmental Assessment: Consequences of the Emergence of Procedural Democracy", *Optimum*, 25, 3 (1995): 36–39.

[23] Ostrom, *Crafting Institutions*.

[24] Putnam et al. make a similar point on the basis of work on government, civil society and economic development in Italy; see R.D. Putnam et al., *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton, NJ: Princeton University Press, 1993). In the world of evolutionary economics, with the heavy emphasis on institutional aspects of the innovation process (e.g., as suggested by Miller), the significance of social capital in determining the effectiveness of investment in innovation and learning seems evident; see R. Miller, "The New Worlds of Innovation: Diversity and Coherence", in *Stabilization, Growth and Distribution: Linkages in the Knowledge Era*, edited by T.J. Courchene (Kingston, ON: Queen's University, John Deutsch Institute for the Study of Economic Policy, 1994), 173–233.

[25] J. Rhys-Williams, *Something to Look Forward To* (London: Macdonald, 1943), quoted by Atkinson in "Beveridge". Amended from the original to gender-neutral language.

[26] M. Strong, "Building Bridges: Environment and the New North American Partnership", in *Environmental Cooperation in North America: National Policies, Trans-national Scrutiny & International Institutions*, edited by A.R. Dobell (Lantzville, BC: Oolichan Books, 1994).

[27] Wolfson, "A Guaranteed Income".

[28] H. Parker, *Instead of the Dole: an Enquiry into the Integration of the Tax and Benefit Systems* (London: Routledge, 1989).

[29] Atkinson, "Beveridge".

[30] Wolfson, "A Guaranteed Income".

[31] J.A. Brander, *Government Policy Toward Business* (Toronto and Vancouver: Butterworths, 1992).

[32] Kennedy, "Real Reform".

[33] United Nations Development Programme, *Human Development Report* (New York: Oxford University Press, 1994), 39.

[34] Ignatieff reminds us that "in the welfare state, old divisions of class have been re-expressed as divisions between those dependent on the state, and those free to satisfy their needs in the market place." Such divisions may yet block any significant social policy reform in Canada, even in the longer term. See M. Ignatieff, *The Needs of Strangers* (London: Hogarth Press, 1984), 137.

[35] See H. Daly, "The Perils of Free Trade", *Scientific American*, (November 1993): 50–57, and International Institute for Sustainable Development, *Trade and Sustainable Development*, Appendix A (Winnipeg: IISD, 1992), 125–127, for an outline of the argument that, in a world of mobile factors of production, analyses based on comparative advantage no longer serve.

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[37] D.B. Perry, "International Tax Comparisons, 1992", *Canadian Tax Journal*, 41, (1993): 1211–1221.

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[40] L. Trocki, "Science, Technology, Environment and Competitiveness in a North American Context", in *Harmonizing Economic Competitiveness with Environmental Quality: a North American Challenge* (Santa Fe: North American Institute, 1991).

[41] See for example J.L. Knetsch, *Environmental Valuation: Some Practical Problems of Wrong Questions and Misleading Answers*, Occasional Publication 5, (Canberra:

Resource Assessment Commission, 1993), and A.M. Rivlin, *Reviving the American Dream: the Economy, the State and the Federal Government* (Washington, DC: The Brookings Institution, 1992). An interesting example of the kind of public policy to which such reasoning can lead is offered by British Columbia's Forest Transition Strategy, the essence of which is to earmark revenues from increased stumpage fees and royalties for the use of publicly owned forest resources, and to direct those earmarked revenues to financing the adjustment process in the forest industry. The flaw in the economic reasoning here, of course, is that the owners of the resource are not only those in the forest industry but all the residents of the province, and the use of the revenues should underwrite the process of economic adjustment throughout the province.

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[43] R. Costanza, "Three General Policies to Achieve Sustainability", in *Investing in Natural Capital: the Ecological Economics Approach to Sustainability*, edited by A.M. Jansson et al. (Washington, DC: Island Press, 1994), 392–407; E.U. von Weizsacker and J. Jesinghaus, *Ecological Tax Reform: a Policy Proposal for Sustainable Development* (London: Zed Books, 1992).

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[45] Hawken, *The Ecology of Commerce*.

[46] L. Vallee, "Virtual Rescheduling: Solving the Debt/Deficit Problem", *Policy Options*, 16, 1 (January–February 1995): 36–39.

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[48] T.R. Ide and A.J. Cordell, "The New Tools: Implications for the Future of Work", in *Shifting Time: Social Policy and the Future of Work*, edited by Armine Yalnizyan (Toronto: Between the Lines, 1994).

[49] A.J. Cordell and T.R. Ide, "The New Wealth of Nations: Distributing Prosperity", paper prepared for the Club of Rome annual meeting, Buenos Aires, November 30–December 2, 1994, 33. Also, Còstanza et al. emphasize the crucial importance of ecological tax reform; R. Costanza et al., "The Tax Shift: Non-Partisan Tax Reform", Ecol-Econ Discussion List [ecol-econ@csf.colorado.edu] (Colorado: Communications for a Sustainable Future, 13 March 1995).

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[51] T.J. Courchene, *Economic Management and the Division of Powers*, published in co-operation with the Royal Commission on the Economic Union and Development Prospects for Canada (Toronto: University of Toronto Press, 1986), 123.

[52] J.M. Mintz and T.A. Wilson, "The Allocation of Tax Authority in the Canadian Federation", paper prepared for the conference *Economic Dimensions of Constitutional Change* (Kingston: Queen's University, John Deutsch Institute for the Study of Economic Policy, 1991).

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10

Children, Women and Our Economy: Building Reconciliation for the 21st Century

by Lorna R. Marsden

We suffer from the problems of a rich nation. Within our overall prosperity is too much child poverty, too much child neglect and too little concern for children as our future. All too seldom do we examine the nature of demands on parents and children in our complex world economy, an economy that presses for the participation of all adults – men and women – but does not reciprocate by considering the resulting impact on our children.

Our economy has been transformed through new technologies, newly created global markets and, hence, new demands in the workplace. Canadians are required to work more intelligently, longer and more competitively, and that is what we are doing – at least, those who have work.

The education system, too, has been affected by the new technologies and by the pressures of the many cultures in the competitive market. The government of Canada works on the prediction that in the next two decades, about half the jobs created will require at least 16 years of education. Colleges and universities are being asked to open up and to change their methods of teaching and research,[1] because we want our children to be ready to compete: In a world where raw materials, information and land are no longer the key ingredients in production, a competitive workforce is the only differentiating factor.

The founding unit of this competitive workforce is a child who takes to schooling like a duck to water, who is numerate and literate at a high level, who is confident, who is comfortable with many different types of people from many cultures, who has good work habits and who is a flexible self-starter at an early age. This is the child of the 21st century.

Yet neither the state nor the family can create this new child. The state cannot create this well-rounded child, because it is not within the role or capabilities of the state to do so. The family cannot create this child, because we have put families into a position where they do not have the necessary support or resources.

The family has always been in the process of transformation, adapting to the values and expectations of the changing times. In recent years, it has been especially transformed by the need for two earners. True, there are more single-parent families and more divorces than we once knew, and these families may face higher stress than traditional two-parent families. But the vast majority of children still live in families with two parents. The big story is what is happening to those parents. Often, the parents are insufficiently educated or are unable to find work with a high enough income to support an elderly parent at home or full-time child-care. Shrinking wages are another familiar tale. Higher housing and other costs and the insecurity of economic life make it imperative for most parents to work most of the time, creating tight working schedules and leaving much less time for child-care and child rearing. In the current economy, even very highly paid jobs are associated with long working hours.

The preceding chapters of this book have outlined these issues and have suggested potential solutions. These suggestions are rooted in a concern for the security of the family: taking a broader view of the economy to include economic, social and ecological sustainability in decision-making[2]; identifying ways to redistribute work and wealth in the information age[3]; encouraging employers to be flexible and to find ways to help parents embrace the dual commitments of family and work[4]; examining the options for parental leave[5]; sharing worktime in a variety of ways[6]; recognizing the economic and social value of all forms of work, including volunteer work[7]; integrating the valuable services of youth and elders[8]; lifting the weight of child-care from the shoulders of women and putting in on the community[9]; reinstating the universal family allowance[10]; identifying education as a key area of social renewal and putting schools to use as community centres for child and family development[11]; and finding ways to foster strong, committed parenting.[12] At the root of all these ideas is a deep concern for children and a recognition of societal responsibility for them.

But the economic changes, the family changes, the new scientific knowledge, the social programs, the changes in government policy – all these would take place in the context of values and language that constitute our culture. How important have children been in that culture?

That we have a *market* culture for children is undeniable – special toys, music, entertainment, clothes, language and attitudes. But do we look at our society through children's eyes? Some of our great novelists do: Close to hundred years ago, L.M. Montgomery described the grim life of Anne before she came to Green Gables, and even there, initial expectations were for an extra worker on the farm, not a child in the family. More recently, Timothy Findlay wrote *The Last of the Crazy People*, in which 11-year-old Hooker Winslow, in the shambles of his family life, kills most of his family. Findlay continues his theme of the destruction of our children in his more recent *Headhunter*. By far the most intense child-centred view is found in Nino Ricci's *Lives of the Saints* and the even more telling *In a Glass House*, which describes the complexities of the immigrant experience of growing up in a Canadian town. In Margaret Atwood's *Cat's Eye*, Elaine looks back on her childhood and memory presents its own perspective. Beyond these few, however, it is difficult to think of a novel in which the child is the centre of the plot. In prose, in poetry, in film, on the stage – children are not the centre of our culture.

Clearly, what we lack is a culture *of* children. By and large, the values we express are framed by the priorities of the surrounding adults: taxpayers who want teenage violence dealt with by the courts; teachers and parents who want education to focus on the labour markets; businesspeople who want to profit from the goods and services they provide for children; parents who want their children to be successful and make them proud. These priorities focus on what we think society needs, or our economy needs, or we need; none focuses on the social, emotional and developmental needs of our children.

New Knowledge of Child Development

Research in the relatively new field of population health has uncovered a great deal about the relationships between the neurobiological development of very early childhood and one's health and life chances in adulthood. The perinatal development experience is linked in critical ways not only to a child's capacity to learn, feel and think but also to that child's health and ability to cope with stress as an adult. In particular, studies show that family stability or high socioeconomic status can overcome perinatal stress or genetic endowments.[13]

Similarly, in an important series of articles, Cynader[14] shows clearly that very early childhood stimulation – or the lack thereof – has permanent effects on the development of the brain. Cynader concludes, "We need to recognize the first few years of postnatal life as a key time for child development. We need to educate parents to recognize the importance of providing adequate social and cognitive stimulation for their children, and we need to educate our officials to support increased involvement of parents with their young children during this window of development."[15] The significance of this research lies in the contrast between these medical findings, broadly defined, and the social structures (i.e., families, the economy) described above.

We have a dilemma. On one hand, we have a rapidly changing, highly competitive economy that requires the labour force participation of mothers and fathers, so children are getting less parental time than previous generations did. As Sylvia Hewlett states in *Child Neglect in Rich Nations*,[16] total contact time with children has fallen 40% in the United States in the last 25 years. On the other hand, research tells us that our children need the highest levels of physical, mental and social development to flourish in their adulthood. How did this happen?

The Western World and Child-care

In Canada, children are regarded as primarily the responsibility of parents. If the parents fail in some way, then the state may step in. The philosophy promulgated by government in the 1980s was to support "those most in need": when a child is suffering from low birth weight, neglect, disease, poverty, behavioural problems, abandonment or self-destruction, then the tax dollars will be spent on ameliorative activities. Because these problems are linked to child poverty, and because child poverty is caused by the low incomes of parents, the theoretical solution is to get parents into the labour market. There is a particular focus on the single parent, who is almost always in the low-income bracket and is almost always the mother. Hence, the child benefit is slanted to low-income families with an incentive scheme for the working poor, a solution that may appear sensible to the taxpayer.

But looked at by the child, it is all wrong. From the child's point of view, the "sensible solution" means less time with parents, an ever-changing stream of caregivers, little stability and little security. True, child poverty is a major element in the healthy development of a child, but parenting is also a powerful element, a fact too often overlooked by purely economic analyses. As a child's socioeconomic level rises, so does that child's developmental circumstances, but at every socioeconomic level, the neglect of a young child has a serious and deleterious effect on that child's future.[17] In other words, serving just "those most in need" is no solution at all.

In addition, by pushing parents to spend long hours in the work world, we push them to excel at work, not parenting. The work world demands aggressiveness, mobility, self-interest, efficiency, control and perfectionism; parenting requires the opposite.[18] They both require enormous energy and amounts of time – the exact same time in both the day and the life-cycle.

And what is the effect? In the United States, a study found that "the more hours children took care of themselves each week, the greater the risk of substance abuse. In fact, latchkey children as a group were twice as likely to drink alcohol or take drugs as were children under the supervision of an adult after school."[19] For the children, it was time on their own that was the key, not class, race, academic performance or any other variable.

This knowledge throws up a tremendous challenge to feminist theory and practice. For generations, Canadian women have struggled to free themselves from subjugation in all spheres, and it has been a remarkably successful struggle so far.[20] One result has been that mothers and fathers have stretched and reformed their respective roles in child-care and upbringing. By no means complete, the rebalancing of gender roles in the family has nonetheless shown considerable movement.[21]

Much of this rebalancing has been achieved by child-care ranging from live-in and consistent care to neighbour care and latch-key practices. We have returned to our dilemma: When both parents participate in the workforce (which is both a desire in terms of gender equality and a necessity for our economy), children lose the parental involvement they need. We need to find a way to resolve the contradiction between the early developmental needs of children and the economic needs of society. This contradiction has not been resolved through gender role rebalancing.[22]

The current concern about healthy child development has the potential to lead to a reactionary attack on working mothers – a point of view not supported by the evidence nor realistic in terms of the changed economy. The real solution to this struggle is to co-ordinate the values and practices of the workplace and the state with the needs of children. This requires nothing less than a change in Canadian culture as it relates to children.

Canadian Prospects

I have already described the child in Western culture – a culture for children rather than of children. Missing from our culture is the general consensus that child-care is a central Canadian value. Child-care has been a central value in France for a century, and for that long all French taxpayers have contributed; despite the influence of France historically in North America none of their concern for children is felt in our social programs. Nor have we any of the highly developed and learner-centred education and training that makes the children of Germany and other European cultures so skilled in production. Nor have we the same image of motherhood as that of Japan,[23] in which "children are understood as belonging not only to their mothers but also to the family and society."

The point here is that other cultures have successfully reconciled the labour force participation of women with high-quality child-care and family stability. In other cultures, the state is legitimized in using tax dollars to provide child-care and family security as central services for all members of the society. Why not in Canada?

In Canada, the welfare state is not in retreat – Canadians on all ends of the political spectrum remain strongly committed to the welfare state. Rather, it is being reformed in the context of debt and deficit worries, and of globalization in corporations and in the world outlook. Canadians are particularly worried by the violence and deprivation so evident in the United States and frequently express the need to avoid a similar situation. Canadians are not prepared to abandon either health care or welfare schemes.

Thus, the migration of tax dollars for health, education and welfare to the provincial governments, announced by the federal government in 1995 in the Canadian health and social transfer, provides a new opportunity for Canadians to bring up to date our notions of children, their development and their support in the context of the modern, demanding economy. While retaining federal supervision in a number of areas, the new transfer tips the focus of activity and spending to the more regionally and culturally focused level of the provinces.

The cuts in spending announced in almost every jurisdiction lead inevitably to a greater demand for community-based services. By definition, child-care is delivered at the community level, because that is where children and their parents are. Thus, the movement of responsibility to the provincial and municipal levels is a positive one for Canadian children. Since attempts to create a national scheme for child-care have failed, the Canadian health and social transfer allows provinces to fund child-care schemes, to co-ordinate standards across the provinces, but to leave delivery of services to a local level.

Most employment also takes place in the community. Regardless of the national or international incorporation of an employer, it is at the local level that most workers are hired and experience life at work. It is in the interest of employers to ensure that future workers are well-educated, developmentally sound individuals and that current workers can cope with the stresses of today. Most employers are already significant donors to local programs in support of the social needs of children. Most workplaces share the values of their community.

The clear direction for governments to follow in the opportunity created by the Canadian health and social transfer is to lead and support the development of community-based child-care into a national child-care system. Provinces need to put funding into a matching scheme with municipalities and need to create legislated standards of care that protect children and families but that are sufficiently flexible to meet the needs of diverse and complex communities.

Child-care of a consistent and high quality is crucial to the future of our country. Tax dollars are required to develop such care and to provide the flexibility required. Thus, the federal and provincial governments can play crucial parts in the mobilization of public will and resources as well as in national co-ordination and quality assurance.

Good child-care and strong parenting are crucial to employers, to workers, to parents, to children and to the future of our children, our country and our world. The authors in this book have suggested a diversity of ways to bring security to Canada's families. The debate over these and other controversial ideas is going to continue, but it will not be worthwhile unless we strengthen the culture of children.

Endnotes

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Family Security in Insecure Times

Vol. III Building a Partnership of Responsibility

Building a Partnership of Responsibility

Forum Directors Group

Introduction

The growing insecurity affecting Canadian families cannot be dealt with in isolation; it can be addressed only by a total refocusing of public policies in Canada. This is the central conclusion of the Directors Group of the National Forum on Family Security, which bases itself on work commissioned from recognized experts from the academic, private and public sectors.

Canadian society is in the throes of a jarring social and economic transition. Financial resources are limited. Consequently, achieving the far-reaching reform set forth involves every sector of society. We can no longer pretend that social and economic issues are separate matters.

The Forum's Directors propose a new partnership of responsibility in which families, workplaces (private and public sector employers), communities and governments work together and share the obligation to create and sustain the conditions that will enhance family security.

While we have tried to identify the problems and suggest where the solutions lie, this paper is not a plan of action. Rather, it is an attempt to offer guidelines pointing toward **a society of full participation** as an alternative to the exclusion affecting many in the current socio-economic transition and the growing polarization of those benefiting from the transition and those marginalized by it.

Any plan of action must be arrived at among the four mainstays of society: families, governments, workplaces and communities.

When this work began, our immediate concern was the tough challenges facing Canadian families in the 1990s. In 1993, Volume I of our study looked at family security and examined the different factors that threaten it, such as economic restructuring, occupational uncertainty, diminished purchasing power of families, globalization and public debt. Since then, our thinking has focused sharply on what needs to be done. All of us on the Forum's board view the growing threats to family security as being so acute that they are undermining Canadian society and its prospects.

Nor are the frightening new realities lost on mainstream Canadians. In the fall of 1992, an Angus Reid poll showed that one of every two Canadians felt they were worse off than they had been five years earlier. Sixty-three per cent expected their standard of living to decrease or remain static. Fifty-four per cent thought their children would be worse off than they are, and only 14% expected their children to be better off. Since then, given persistent high unemployment, further loss of good jobs with benefits and more focused spending cuts, we doubt that the concerns identified in the Angus Reid survey have changed much.

The current social support system in Canada responds to a way of life that has been supplanted by a combination of circumstances relating to the advent of the information age and profoundly changed attitudes about the social order.

Advanced Technology

The computer – like pivotal developments in other times such as sail, metallurgy, steam power and the printing press – has precipitated a worldwide period of change. It has generated new wealth and increased productivity. It has facilitated the move by traditional resource-based industries into more value-added production. But by making it possible to produce more using fewer human resources, it has reduced the capacity of many people to earn a stable living. It has accelerated the automation of many previously labour-intensive production processes. In offices of all types, white collar jobs have been eliminated as the need for support staff is reduced. While new jobs have been created, many more old jobs have been eliminated.

Nor is it easy to control the speed of transition. Many private-sector decision makers argue that to prosper, Canada must compete with other trading nations that are moving quickly to occupy a greater place in the global economy. Therefore, the new technology is being rapidly brought online in the marketplace.

Most new wealth will be generated through knowledge-based industries and value-added production as opposed to the old standby of exploiting natural resources.

The Elements of a Competitive Society

The changing economy begs a question: To build a competitive society, should the stress go on the marketplace with little regard for social issues? There is a growing school of thought that contends that a competitive society is not one based on the law of the jungle.

In its 1995 report on world competitiveness, the World Economic Forum, which brings together international experts and leaders from business and government, offers compelling insights into the meaning of competitiveness. Countries should not restrict their focus to the promotion of competitive enterprises, but must address the broader challenge of how to develop a competitive society. The report stresses that "a competitive society is a society which has found a dynamic equilibrium between wealth creation on one side and social cohesion on the other. It does not necessarily mean economic efficiency at all costs in all areas. Actually, it may even imply ... a conscious decision on the part of people to accept a certain level of inefficiency."

There is a growing recognition that if the focus is put on profit to the exclusion of all other considerations, ultimately everything is lost. When human beings are marginalized in the name of ever-greater efficiency, the impact is felt universally. The non-productive wage earner is unable to meet the needs of children or elderly dependents. He or she becomes a drain on society. Nor is that person contributing to the financing of schools, universities, hospitals, health care, roads and all the other services on which we depend. As the cohesion of the family is shattered by unbearable stresses, the family is destroyed. And when the family falls apart, the economy will not be far behind. There are no winners in a scenario that puts marketplace competitiveness ahead of all other considerations.

This harsh truth is not lost on some marketplace decision makers.

While addressing members of the Business Council on National Issues in April 1995, J. Edward Newall, Chairman and CEO of Nova Corp and former Chairman of the BCNI, identified poverty as the national issue on which they should focus energy and resources. He described poverty and the lack of a national game plan to deal with it as "a time bomb that is just waiting to go off." Newall warned that business leaders will be judged harshly if they fail to meet their responsibility to help society address the poverty issue.

He reiterated the BCNI view that the right mix of public, fiscal and monetary policy, supported by a vibrant, competitive and entrepreneurial private sector, would allow Canada to have the best performing economy in the world during the next decade and the world's highest quality of life. But he added, "I suggest to you that one of the most critical measures of success in our society, and one of the most critical measures of whether than success can be sustained for the long haul, is the quality of life for those in our society whose income is in the lowest 20%. Our highest priority for using the wealth created by growing economic success should be raising the quality of life for this segment of society."

The Added Influence of New Attitudes

Simultaneously with economic transformation and globalization have come social movements and trends that challenge old assumptions and attitudes. A prime example is the feminist movement with its goal of establishing genuine equality, including equality of opportunity, between the sexes.

In the late 1960s, growing numbers of women rejected the traditional assumption that family life meant the father would go to work while the mother stayed home, did the housework and took almost exclusive responsibility for child rearing. These women wanted the same opportunities and challenges for all.

If there were men who thought that they could turn back the clock, they got a rude awakening as the economic uncertainty of the new age set in. In a period when steady employment is far from certain and growth in real incomes is stagnant, most families, especially those with children, need two incomes to maintain a decent standard of living and as a hedge against one partner going through a period of unemployment.

A Societal Metamorphosis

Beyond all the previously mentioned factors, Canadian governments are faced with the urgency of tackling public debt through program spending reductions. This means that society's ability to use social support systems established during a different time to help those adversely affected by change today is limited.

This social and economic transition and the diverse influences that drive it – from new technology through evolving trends in thinking to the fiscal crunch – are irreversible. There are many benefits attached to this transition, and brilliant potential. But it is also wreaking havoc with the social order in industrialized nations such as Canada, and society must confront the challenge of managing this transition. The expectations of those who came of age in the 1950s, 1960s and 1970s are yesterday's dreams. Secure long-term jobs with benefits are being supplanted by part-time jobs with no benefits. The hope of a productive lifetime of work in one discipline or the idea that there will always be decently paid employment for people willing to work is outdated.

That is why we need to involve society's mainstays – families, governments, workplaces and communities – in the proposed partnership of responsibility. Together, they must balance the gains and losses of this socioeconomic transition, attempting to manage it rather than be managed by it. The partnership must build a whole new approach to our system of social programs, an approach that is family focused. This approach would be founded on two principles: co-operation and responsibility. Family-focused policies would ensure a decent quality of life for all Canadians. In turn, Canadians would have very clear responsibilities to their families, their communities and the larger national society.

The Forum suggests that given the new social and economic realities, we must get away from the simple choice between people either working or being on welfare. The present situation is chaotic. We must construct a more just and balanced social order. We must reorganize the workplace to offer greater opportunities to more people and to provide greater support to families. We must provide the right educational and emotional support and stimulation to young people as they build their futures in a society in transition. In short, we must build a caring society adapted to the realities of a transformed social order.

At strategic moments in history, societies have adapted to major new circumstances. As the Middle Ages faded into the Renaissance, the obligations of different elements of society to one another changed, and a new social "contract" emerged. As the agrarian-based social order of the 18th century gave way to the industrial revolution, these relationships changed again. These changes, however, did not come without massive disruptions and suffering – often over protracted periods.

The age in which we live, like the periods just mentioned, is also one of fundamental transition, but with some important differences:

- For the first time in history, many societies most affected by these changes, like Canada, have populations that enjoy a reasonably high standard of education and political development.
- More importantly, as a people we understand what is happening. We have a sophisticated system of communications, we can survey public attitudes scientifically, we can identify emerging trends, and advanced technology allows us to process information quickly and assess solutions. Unlike people who lived in past times of historical turbulence, we have the tools to manage change – if we have the will to do so.

The Forum contends that a properly built partnership of responsibility, by focusing on family security, would enable people to develop their capacities to the fullest, allowing all to contribute. It should elaborate the conditions of a fairer distribution of time between work and family. It should allow society to support social activities of value ranging from child- and elder-care to training and study. But to succeed, society's four mainstays – families, communities, workplaces and governments – must develop a greater appreciation of their interdependence. Each mainstay must share in the enhancement and preservation of family security. Families cannot do it alone.

With a partnership of responsibility, we could reverse the social dislocation and disruption that seriously jeopardizes our quality of life and national civility.

We stress family because practically everyone in society starts life within a family unit. Families are the basic building block of society. Most individuals are influenced by the new social order in the way it affects not just themselves, but those closest to them: spouses, children, parents and other relations.

When we define family, we mean all those groups of individuals bound together over time by ties of mutual consent, birth or adoption and who care for, educate, socialize and love one another.

Security we define as the current and future assurance of basic assets (finances, education, health, shelter, abilities, capacities, etc.) needed to sustain a family's active social and economic participation in

- raising children
- looking after parents
- contributing to community life
- contributing to the workplace
- contributing to and participating in governance.

The fiscal resources for the partnership of responsibility need not be prohibitive. But the mainstays would have to be prepared to look at personal and collective reallocations of resources that would result in private income adjustments, less reliance on contingent labour and more effective use of current income and tax transfers.

Family security is first and foremost about the quality, not the quantity, of life. And that quality of life for many is threatened.

Part I: The Challenges Facing Families

Pressures on Families

During the past two decades, real income has not been increasing for most Canadians. It has been stagnating. At the same time, Canadian families face the special pressures of change, economic insecurity and a fiscal crunch that were unimaginable three decades ago.

In the last half of 1995 alone, Canadians' confidence was clearly shaken. The Conference Board of Canada's Index of Consumer Attitudes showed that by the last quarter of 1995, consumer confidence was back to recession levels. The survey indicated that by year's end, Canadians' assessment of their personal financial situations had worsened "due to persistently high debt levels, low wage gains, reduced real disposable income and a decaying savings rate." Respondents who believed that their financial situation had deteriorated rose from 26.4% in the third quarter of 1995 to 31.3% in the fourth quarter.

Throughout 1995, the number of people who expected an improved job market declined. By the final quarter, only 11.5% of respondents thought the job market would improve, down from 25.4% for the same period a year earlier.

Nor is a consumer-led recovery likely. In its survey, the Conference Board found, "As employment prospects and job security weaken and income gains remain nominal, households have no choice but to be frugal."

We suggest that this sinking confidence is part of a trend that has been going on for years and has become accentuated since the beginning of the decade with downsizings and increased workplace insecurity.

Part-time jobs, home-based businesses, contract work or jobs that offer few or no benefits are a reflection of the new reality for many families. Families must stretch shrinking resources not only to cover living expenses, but at least partly to replace such items as the company pension plan that is no longer there, the inexpensive group life insurance that provided a security blanket, the supplementary group medical coverage that used to lighten some unexpected financial burdens and the long-term disability insurance that meant there would still be income after an incapacitating accident or illness.

Families are now much more diverse not only structurally and functionally, but also linguistically and culturally. While most depend on two wage earners, others depend on working offspring as well, or on one wage from a single parent. Financial problems or anxieties about job security affect the quality of life within a family. Long and constantly changing working hours can detract from the time available for family life. Such situations profoundly affect children, as well as older people who may depend on their grown offspring for material or moral support or both. There is a ripple effect from hardship within a family that affects all society.

The families of Canada are its most important asset. It is within the family unit that individuals learn basic values. It is within the family unit that younger people are encouraged to learn and widen their horizons. It is from within the family unit that they emerge to build their place in society.

Consequently, the issue is not how to preserve the existing social safety net. Rather, it is how to reshape it so that it responds to the world in which we live, not the world in which our parents lived.

In our view, the central challenge for most families – the one needing the most urgent attention – is that of raising and educating children. While there have been a number of initiatives to provide back-up for working parents in terms of child-care and schooling, none satisfy the needs of most Canadian families with young children in school. This is why we feel very strongly that social reform must be driven by the need to develop effective policies in support of families.

People nostalgic for a certain way of life often argue that child rearing is the exclusive responsibility of parents and cite the family values of their youth. We agree that primary responsibility for raising young people resides with families. Parents bear a heavy responsibility to society to ensure that their children are raised with a sense of social and civic responsibility and are afforded every opportunity to realize their full potential. But Canadian families must also respond to the realities of a highly competitive marketplace, lower their expectations and invest longer hours and effort to earn needed income. When economic and social realities mean that most parents, be they couples or single, are out of the home from early morning until early evening, families need a new kind of support system. The new pressures, both financial and social, too often engender conflict and alienation.

An approach to social policy that is family focused can succeed in helping Canadians surmount these new obstacles and challenges. But for it to work, the constituent elements of society must do their share.

If families have responsibilities to themselves and society, governments, the workplace and communities have major responsibilities in ensuring greater family security.

Transcending Ideology

At this point, it is imperative to stress that we are not seeking an ideological debate. As we said earlier, the challenge is to develop a family-oriented social support system that responds to contemporary realities. This is a task that transcends ideology.

In the early 1980s, an ideological debate did begin. At the debate's most simplistic level, the right argued that deficit reduction through spending cuts and more efficient management, combined with tax reduction, would engender prosperity; the left argued that such a single-minded focus would cause undue hardship for many. Despite the growing recognition that information-based technology was changing the world, the ideological debate continued to stress the accountancy-versus-caring argument.

This debate was not without benefit. Conservative thinkers alerted society to the need to tackle public debt. More liberal thinkers managed to forestall initiatives that would have caused dangerous hardships by moving too fast on spending reductions.

But while the issues remain important, the ideological debate has become almost irrelevant in terms of how the new economy affects people and the challenges it raises for Canadian society. Yet it still absorbs many decision makers who seem unable to restructure social policy in such a way that it both reflects and responds to a world utterly transformed.

A Difference in Perception

An emphasis on fiscal matters that treats social policy and redistribution of wealth as antithetical to the goal of debt and deficit reduction will have disastrous consequences. Stressing social policy while ignoring the very real debt crisis confronting Canada will have consequences no less disastrous.

A 1994 Ekos survey shows that social equality, wealth redistribution, security and safety, regional equality, family values, a healthy population and preservation of heritage are values that Canadians consider high priorities for the federal government.

A mid-year *Maclean's* magazine survey asked, "As a country, what is it about Canada that makes us distinct from other countries?" The most frequent answer by a wide margin was the quality of our social programs. In the context of our earlier comments on family, it is also interesting to note that 64% of respondents claimed that they could not have a rich and rewarding life without ever having children.

The Southam News-CTV poll conducted by Angus Reid between December 6 and 13, 1995, shows that Canadians, when presented with different policy choices, prefer putting the emphasis on job creation over lower taxes by a margin exceeding three to one and over deficit reduction by more than two to one.

Generally, the survey found that while Canadians believe deficit reduction is important, they oppose quick and drastic cuts to vital services like health care and education. Those most inclined to rank deficit reduction and lower taxes as issues that they thought should be government priorities were the among the most well-off.

All this suggests that Canadians have not abandoned a more social and collective decision-making approach to family security in favour of a more individualistic free-market approach featuring minimal government and competitiveness, features to which the public give lower priority.

The Forum contends that most Canadians support the view that the main building blocks of family security are the prized values of security and safety, regional equality, family values, social equality, public social programs and wealth redistribution.

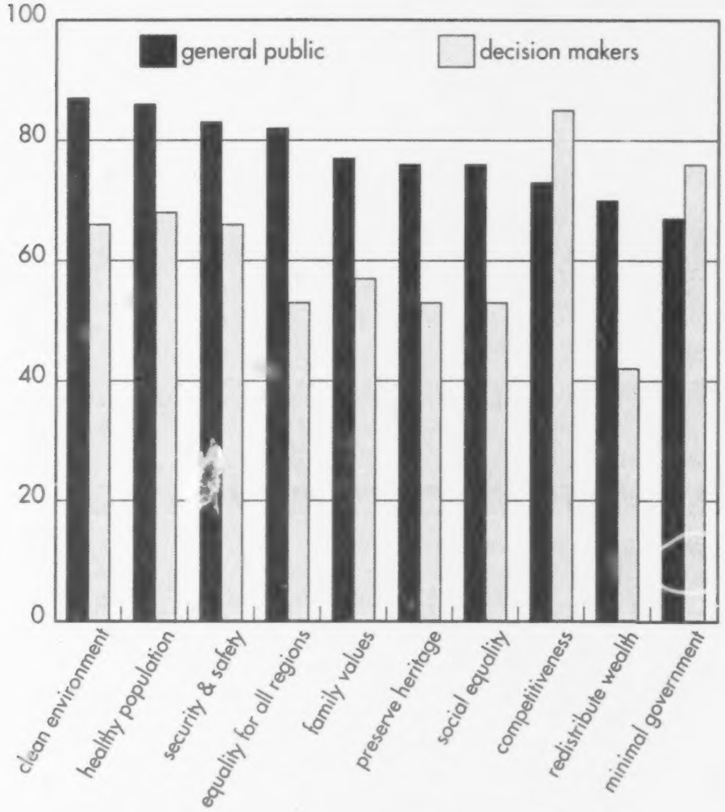
One Explanation for Inaction

Most opinion surveys limit their breakdowns to age, sex and region, but the 1994 Ekos survey compared the responses of the general public to people it classified as private and public decision makers who form a privileged, influential and élite group. When values are ranked according to this breakdown, startling and persistent differences appear in the levels of support accorded different priorities for the federal government (Chart 1).

These results point to a leading cause of political paralysis: The general public and its decision-making élite have markedly different priorities on issues directly affecting family security. Consequently, decision makers, as earnestly as they try, cannot resolve the public's concerns because their agenda has different priorities.

One interpretation of this divergence is that the influential élite group, which feels more secure and in control, is more supportive of market-based values. Conversely, the general public, who are more exposed to the consequences of economic change, are likely to feel insecure and place a greater value on wider-spread societal supports.

Values for the Federal Government



Source: Ekos Research Associates, *Rethinking Government*

The serious discrepancy in values illustrates that fundamental change, as opposed to tinkering, will be required to make families more secure. Modifications by governments to key social programs and even public consultations around the details governing established programs such as UI, CPP and child benefits, for example, are not going to address the value concerns of the general public. The public sees an urgency for common initiatives, but the decision makers have a diminished commitment to the continuation of that approach.

A Fundamental Re-examination is Required

The Forum contends that building a new consensus on the provision of economic security for Canadian families is the real basis for a sensible restructuring of social policy such that it responds to current realities. The family is the foundation that upholds the other mainstays of social organization: the community, the workplace and government. If families are the focus, obviously we must determine what is expected of them and what their responsibilities are to society.

But we must also determine what society can do to help families flourish. This implies fundamental changes in thinking, approaches and methods. Unfortunately, the present political climate is increasingly marked by a strained adversarial relationship among the different sectors of society. It is reflected in unproductive finger pointing and blame laying. To move forward we need a cultural shift that will allow both families and organized society's constituent elements to share a common commitment and work together.

The task must be shared by individuals, families, employers, the private sector, government, educational institutions and local communities. There are no simple answers. The need to compress public spending is real. The need to redefine social policy objectives to allow a new distribution of opportunity is no less real. This means a reordering of priorities. It is not financially impossible or unmanageable. Initiatives that strengthen families, in turn, strengthen the individual and, consequently, strengthen the country.

An Investment in People

Bolstering families can be viewed as a cost burden in terms of bottom-line accountancy. Or it can be viewed as an investment in the country's greatest asset – its people.

Our plea in this report is for a pragmatic approach to building the proposed new partnerships of responsibility among families, communities, the workplace and governments.

We concede that there is no real consensus on this issue, especially between élites and the public or between those with relatively high incomes and the majority who are struggling to make ends meet. But lack of consensus does not mean that a very real social challenge should be ignored; lack of consensus must never be an excuse for not seeking solutions that, ultimately, can lead to negotiated agreement, common purpose and shared loyalties to the country and its future.

The National Forum on Family Security's goal is a fairer, more equitable and sustainable distribution of family security and what this implies: a redistribution of opportunity and responsibility. The notion of opportunity embraces dimensions of income along with wealth, education and participation, which are often poorly distributed as a result of discrimination related to race, gender, geographical location, age and so on.

The notion of responsibility also means that as the focus is put on families, clear definitions of responsibility must be established.

Part II: Changing Responsibilities

The papers in Volume I defined the nature of the problem facing the Canadian family and, consequently, society. In Volume II, the contributors offer examples of how other societies invest in family security and suggest new ways of meeting the challenges. They offer examples of what governments, communities, employers and others can do to improve family security in light of the new socioeconomic realities.

Jean-Bernard Robichaud argues that policies affecting income security and the reorganization of the workplace must be viewed as complementary. "For example, a universal allowance without the reorganization and redistribution of work would not resolve exclusion and marginalization." He links the need to reduce hours of work to the need for a guaranteed income in order to ensure a decent living standard. He argues that for the 100 years preceding 1970, society regularly reduced hours of work. He is convinced that wages alone can no longer ensure an adequate distribution of wealth in a world where full employment is no longer a realistic goal or one that politicians and marketplace decision makers endorse. Instead, it is a world where lifelong learning and retraining are necessities, not luxuries, and where families can no longer balance the conflicting demands of work and family.

A similar view is held by Frank Reid, who explores a labour market that can no longer provide full-time work for many who need it. He suggests a system of worksharing that would create and better distribute opportunity in the workplace and result in shorter work hours and minor reductions in income for some, but work for many more. Reid also discusses job sharing that would allow people who may only be able to work part-time to split the hours of one full-time position.

Some of these methods have been tried successfully by enlightened employers and there is a growing number of senior executives who see more family-focused workplace policies as a vital strategy for creating prosperity. Claude Béland is one. He makes the point that the new socioeconomic realities mean that employers and employees must reconcile the needs of a highly competitive and changing workplace with the needs of families. Using studies from sources as diverse as the International Labour Organization and the Conference Board, he describes the impact of unemployment, underemployment, economic uncertainty and how the workplace has changed, and how all of these have affected family life. Béland warns that we not only need to create employment, but that we need to do so in a way that allows people to spend meaningful time with their families. He calls for the reversing of a situation where the interesting jobs with good fringe benefits, especially family-friendly ones, are becoming "a new kind of privilege awarded only to a select few."

Rod Dobell also contends that we no longer live in a full-employment society, and that we must move toward an income security system that ensures participation, contribution and dignity. Dobell favours abandoning traditional accounting methods where economic management is concerned. Instead, he suggests that if wealth is to be directed toward social purpose, economic management must take into account all real assets and liabilities by including human, community and ecological values that would be recognized as scarce productive resources. Spending and taxation would be based on this new type of accounting.

Michael Mendelson proposes a way to bridge the gap between entitlement and responsibility. He suggests a participation wage that would allow those with very low wages to receive additional income in return for meeting certain conditions that might include accepting reasonable employment, taking training or other steps to develop their skills and enhance their employability. It would acknowledge alternative forms of social contribution such as caring for young children or a dependent elderly parent, thereby alleviating the burden on society.

Beyond the employment issue raised by these authors, there is the major challenge of providing families with practical back-up to facilitate child rearing, elder care, education, training and community participation. Much has been written about latchkey children, about the absence of intellectual stimulation when parents spend long and often unpredictable hours in the workplace, about the emotional stress engendered by economic uncertainty, about how children from economically disadvantaged families are denied access to vital learning tools like computers. The need for more back-up support for families and better use of existing facilities has also been compellingly demonstrated.

Daniel P. Keating stresses the absolutely fundamental importance of investing in the first years of a child's life. Parents cannot abdicate their responsibility as the first teachers of their children. And yet parents cannot fulfil their responsibilities in a society that condemns two out of 10 children to poverty and provides few options to parents who need some help.

Camil Bouchard argues that society must offer more support to those who work with children. He writes that the absence of support systems for low-income parents contributes to the poverty spiral. He calls for a system of support that offers children a well-rounded learning environment, inside and outside the school. He points out that the best drop-out prevention starts in kindergarten. It is vital for people to provide youngsters with intellectual and emotional stimulation. And, contends Bouchard, this can best be achieved at the local and community levels.

Many of the authors featured in Volume II see communities as the essential level from which to deliver needed family support services.

Ann Duffy and Norene Pupo establish how contemporary economic realities mean that many women bear a double burden, working all day and then taking primary responsibility for running the home and raising children afterward. This reality underscores the need for more family-friendly workplace policies and models of shared parenting.

They stress the need for change in our community institutions to ensure better child-care. At the local level, community-based child-care centres would draw on existing resources such as community centres and schools. Existing volunteer and social service organizations would be involved. Duffy and Pupo contend that the school should become a multifunctional community resource centre, serving families by providing access to such things as sports equipment and computers. They go on to call on unions and other employee organizations to promote family-friendly social structures and work to eliminate "the vast differences in wages, benefits and working conditions between so-called good jobs and bad jobs."

Lorna R. Marsden makes the point that other cultures have successfully reconciled women's participation in the labour force with a high quality of child-care. She contends that Canada has much to learn from these societies, which acknowledge in their programs and policies that children cannot thrive when responsibility for their rearing is assigned only to parents. She thinks that wider responsibility for raising children can best be achieved at the community level: "In other cultures, the state is legitimized in using tax dollars to provide child-care and family security as central services for all members of society. Why not in Canada?"

Shelley A. Phipps outlines the family-oriented policies of France, Germany, Finland and Sweden. Her paper highlights a couple of interesting points: Countries that spend more on programs in support of families often spend less on welfare. And countries that offer the most enlightened policies of support for families have much less of an income gap between those at the bottom of the economic ladder and those at the top than do countries like Canada and the United States.

It is important for Canadians to understand what is expected of families in terms of their responsibility for rearing younger people, educating them, being supportive of older family members, offering time and talent to society through volunteer activities, supporting community activities that strengthen families, and contributing to and encouraging family-oriented practices in the workplace. But if families are to continue to function effectively as the basic expression of what we are as a people, then they must benefit from more supportive attitudes from the other mainstays of organized society: government, the workplace and communities. There are also expectations of families. As part of the proposed partnership of responsibility, these mainstays would be anchors for a social system that ensures a decent quality of life through family-focused policies based on a combination of benefits and responsibilities.

Families

Changing Responsibilities

Before the advent of big government and industry, the responsibility for family economic and social security was largely assumed by families themselves with help from the immediate community. Canada's culture assumed that families should be self-sufficient, and many families depended on their own self-directed labour on the land or sea. Churches and other charities assumed limited responsibility by providing income assistance to needy families and to families with higher education and health care needs.

Not until the Great Depression did most Canadians come to understand that the responsibility for family security had to be extended. A larger and more assured form of support was needed to deal with system-wide economic failure and widespread loss of security. Canadians came to accept that family security was not always within the control of families themselves and that societal conditions also contributed to insecurity. This led to a gradual shift of some of the burden of responsibility away from families and communities and toward governments and their professional bureaucracies.

Starting in the mid-1960s, the shift accelerated. Earnings as a proportion of total income gradually declined, especially for lower-income families. Only high levels of government income transfers in the 1970s and 1980s kept poverty rates and the level of insecurity from getting out of control. This trend has continued into the 1990s. Regrettably, this shift in responsibility was inadequately financed; many Canadians gained the impression that it could be achieved with only modest tax pain. They were lulled into believing they could have US-style low tax rates and European-style family security benefits. Today, now that the bills are due, there are calls for a swing away from government back to community, family and individual responsibility. Food banks, shelters for the homeless, co-operative day-cares and so on are visible evidence that the community is trying to take up the slack when government programs fall short of meeting present needs. This shift in governing philosophies, especially notable in the United Kingdom, United States and Canada in the 1980s, places a greater emphasis on family, workplace and community responsibility, and less on governments.

Two Barriers to Turning Back the Clock

There are at least two major barriers to turning back the clock to the volunteer model of the prewar period for human service delivery. First, in earlier times, women were the backbone of both family and community human service provision. Today, the majority of women are in the paid labour force and their earnings are essential if families are to make ends meet. Many of them are already stretched to the limit coping with their own family needs after working all day. They cannot attend to community needs as well. Second, many of the human services formerly provided by the volunteer community became highly professionalized by both governments and voluntary agencies throughout the 1960s and 1970s. As a result, the trained volunteer base has been severely diminished or has become non-existent. It will take time and resources to revitalize an adequate volunteer human services network.

One way to emphasize the growing debate around responsibilities is to cite the popular perception that up to 40% of elementary school students are going to school unprepared, unable or unwilling to work at their studies. This disturbing view was frequently articulated by school officials and parents to the Ontario Commission on Learning during its public hearings in 1994. While the 40% figure may not be completely accurate, it is an issue that concerns a wide population.

In an age of learning and information, who is responsible for resolving this problem that has important family security repercussions? The answer centres on an understanding of who is responsible for the provision of a healthy nurturing environment for children. Is it primarily a private or a collective responsibility? Do we blame parents, schools, workplaces or governments because far too many children are unprepared for learning? Unfortunately, public debate too often focuses on the extremes: The stereotype on the political right is adamant that it is primarily the parents' responsibility to raise good children and future productive citizens, while the stereotype on the political left is equally adamant that it is primarily a collective responsibility. The debate over responsibility is not just academic, it has moved into legislatures. In one Canadian province, grandparents can now be held financially responsible for the care of their adolescent children's children; and in some US states, parents are being held legally responsible for the criminal behaviour of their children. Adult children in Ontario have been successfully sued for support by their mother.

It is hoped that Canadians in the mainstream of public debate support the position of a shared responsibility for nurturing and protecting children. While the prime responsibility for supporting children always rests with parents, the community provides the environment within which children are raised. It does limited good for a caring family to do its utmost to foster the well-being of a child if, when the child leaves home each day, she or he faces a negligent and unsafe environment. On the other hand, a caring community can do only so much for a child who returns home to face negligent and uncaring parents.

While it is easy both to blame and to defend non-supportive parents, it is important to probe why the amount of caring for children provided by parents varies so widely. Admittedly, some parents are clearly not doing their job of raising their children and the responsibility, by default, shifts to the schools and the broader community. But the question is why? If parents are not providing the necessary nurturing, it is either because they do not care, or because they care but do not have the resources or capacity to provide the right supports. The political right promotes the first interpretation, the left the latter.

Both sides have a point. Some commentators will suggest that we are living in an era that places too much emphasis on the individual, where family responsibilities are considered optional depending on how well the duties fit into the individual's self-interested agenda. The notions that parenting assumes a broader obligation to society and that children are a social resource requiring nurturing are absent. As far as neglectful parents are concerned, spouses and children are too often treated simply as another consumer good, to be cast aside when a more interesting option comes along.

But there are many parents who do care, but have severely limited resources for assuming proper responsibility. Not all children going to school hungry are the result of uncaring or neglectful families. Poverty in Canada exists, and there is a growing number of food banks in this rich country. Over 20% of children are being raised in poverty today. Aside from poverty, there is, perhaps more importantly, a wide disparity among incomes in Canada. The bottom 20% of households receive only 4.6% of all income while the top 20% receive 43.6%, and these shares have remained virtually unchanged over the years. All industrialized countries exhibit glaring income disparities, but Canada ranks poorly in international comparisons. In terms of the disparities between the top and bottom quintile shares, Canada ranks a lowly 16th out of 19 countries (only the United States, Australia and Switzerland have greater disparities). Interestingly, industrial powerhouses like Japan and Germany exhibit much smaller disparities of income.

While absolute standards of living are important measures of deprivation, wide income disparities produce visible inequalities in living standards, opportunities, expectations and attachment to society. The fact that society tolerates this enormous inequality is perhaps the reason some low-income parents are driven out of mainstream society and become alienated from it. And their response is that if society does not offer them opportunities to obtain a share of the country's wealth and promise, why should they be responsible for how their children turn out? These parents simply do not feel part of mainstream society and have no incentive or desire to play by its rules.

This examination demonstrates some of the difficulties in reaching a consensus when society itself is unclear about who is responsible for what any more.

Workplaces

Changing Responsibilities

The workplace in the postwar period was the mainstay of economic security and stability. It was the bedrock upon which almost all families could not only build their economic futures but define their place in the community as well. The male breadwinner's job defined the family more than any other aspect of life. Today, the workplace is becoming our greatest source of family insecurity and instability; the former bedrock has turned to quicksand for too many families. In spite of this, earnings are still the major source of family income and sustenance. Around 80% of family income is derived from earnings. Just as important as earnings, from a family security perspective, job-holding frequently entitles a worker to group social security benefits.

A significant trend in the 1980s and 1990s has witnessed small firms increasingly providing more of today's employment opportunities, but these firms typically provide far fewer benefits than do large firms. As workplaces are restructured, workers are responding by seeking out self-employment, contract or temporary work, part-time employment or combinations of these less stable "non-standard" jobs. These forms of paid work account for a growing proportion of new jobs, typically providing lower wages and limited or no social security benefits. Women and young family heads hold a disproportionate number of these more insecure jobs. Thus, beyond their earnings, workers in small businesses and in self-, part-time and contract employment often have little more security than unemployed workers. As part of this picture of change, even the site of the workplace is changing. Not since the rapid reduction of farm work have so many Canadians conducted their paid work activities from home, setting up offices and workstations where they live.

Effects of Globalization

The workworld is scarcely more stable for many workers in formerly secure "lifetime" positions with large corporations. Media reports are filled with stories of huge layoffs among large, profitable corporations engaged in downsizing, presumably to meet the rigours of global competition. This is a change from the immediate postwar period when, before the proliferation of global corporations, businesses were heavily dependent on national resources, both natural and human, for their success. Business interest in and stewardship of home country resources was important to the success of the corporation. However, in the global economy, resources of almost all types are easily found in other countries by corporations with a global reach. There is less incentive or pressure to play a stewardship role with respect to home country resources, including human resources.

Even taxing corporate activity today poses problems. There are complex tax write-offs and offshore tax havens. And there is also much corporate activity and output that is not in the form of visible and taxable goods or traded services. Instead, there are many more difficult-to-account-for transactions with invisible electronic information. Some critics contend that businesses can ill afford more taxes. According to OECD data, however, workplace taxes and contributions in Canada are remarkably low compared to other countries, although the incorrect perception in some government departments and in the business press is to the contrary. The results of a recent study by a major national accounting firm (KPMG, commissioned by External Affairs

Canada) entitled "A Comparison of Business Costs in Canada and the United States" were correctly captured in a *Globe and Mail* headline: "Business [significantly] cheaper in Canada: Exchange rates and labour costs provide advantages over US." Consequently, there is financial elbow room available to invest more in building the social and economic foundation upon which their own future sustainability and capabilities rest. Despite rhetorical arguments to the contrary, it would seem that corporations are not yet up against the competitive wall.

The loyalties of global corporations are increasingly to the bottom line and less and less to the welfare of any home country. Even worse, some global corporations all too often play countries off against each other in order to create more favourable (i.e., corporate and profit-friendly) economic environments. In an era of shifting responsibilities, it seems inevitable that if societies are to improve their capacity to provide economic security, global corporations must assume a greater responsibility for assuring greater levels of family security and national purpose. It is shameful that global corporations can escape their responsibilities to a broader society simply because no single government can control them.

If society chooses to support the trend toward increased reliance on competitive markets and trade liberalization, the other three mainstays of society – families, communities and governments – must of necessity shoulder increased responsibility for counteracting the increased insecurity stemming from a labour market that no longer contributes adequately to family security. The current slogan that "the best form of income security is a job" has a hollow ring when one considers the decline in full-time jobs and the lack of security provided by jobs that are part-time, temporary, contract or pay minimum wages.

Today, society is confronted with the spectacle of large corporations that, after realizing major gains in profits, continue downsizing so that they can be even leaner if a tough period occurs down the road. It is almost as if downsizing for the sake of downsizing is part of the culture of many large corporations. Many CEOs seem to believe that if only more people could be squeezed out of the labour force, the economy would boom.

In the postwar period, families unendingly and loyally subsidized, invested in and otherwise prepared their (primarily male) members to become productive members of the workplace to sustain economic growth. Admittedly, much of the caring and investing was done by the mother, whose job was to remain at home and attend to the needs of children and "working" husbands. There was less family investment in girls, as they were expected to replicate the caregiving roles of their mothers in the next generation.

However, if one looks beyond this rather strict and regrettable division of responsibilities, which was the basis of dividing tasks until the immediate postwar generations, this family investment and loyalty represented a form of security for families. The workplace, to fulfil its part of the bargain, and in return for families undertaking what they understood to be their responsibilities to society, provided a growing and stable level of security to the vast majority of families. Moreover, each generation of families could see that its efforts would be rewarded by the material elevation and prosperity of the next generation. But today this promise appears hollow and illusory. The typical portrait of fragmented and harried two- or three-earner families testifies to the fact that many Canadians have far exceeded their limits in too thoroughly accommodating a changing and inconstant global economy that no longer feels obliged to provide stable work to all citizens.

Families are also suffering from the time crunch, trying to make economic ends meet with two earners while trying to fulfil their family and community responsibilities. Data for 1994 show that 63% of husband-wife families are dual earners. Moreover, together these dual earners work long weekly hours, they are not part-timers: 68% work between 60 and 89 hours, and 20% exceed 90 hours a week. The numbers do not change much with the presence of children, with only the mother's paid workweek declining by about 10%. The data also reveal a fair number of cases where both parents spend a lot of time away from home and family. For example, 37% of all husbands in families with children under 16 years worked over 40 hours a week (26% exceeded 50 hours), and 39% of their wives worked the same long hours. Canadian workers are world leaders in the amount of time they spend on the job annually. Reducing the vast amount of time devoted to full-time and overtime employment would have at least two good effects: It would allow family members to spend more time with each other and be more active within their communities, and it would better distribute the number of available paid jobs.

Single-parent families face an even greater time crunch and generally with lower incomes. Moreover, many families today are providing care and support not only to their children but also to a growing cohort of parents who are living longer than before. However, our attitude to this time crunch seems to be that it is a family responsibility to sort out. Families are doing most of the adjusting, when in fact the workplace and community support systems need be altered to reflect the new realities. Sooner rather than later, workplaces must recognize that we cannot continue with practices that were founded on the culture of one male breadwinner and a stay-at-home mother. These outdated practices are not fair to parents and are destructive to children.

It should come as no surprise, then, that families are reconsidering, and in some cases abandoning, their loyalty to their workplaces. They have begun to question the wisdom of investing heavily in health, education and skill development to make family members more productive or employable because the returns from those investments no longer seem to increase family security. In fact, many have concluded that the benefits from these family-financed investments now flow mainly to employers and shareholders.

Communities

Changing Responsibilities

For our purposes, "communities" encompass community assistance at three levels: registered charities, informal (mutual assistance among families, neighbours and friends) and public and quasi-public (locally administered government programs). Today, community organizations providing economic and social security often become registered charities in order that they can receive charitable tax status. There are about 70,000 registered charities in Canada today and the number is growing, almost doubling from 40,000 in 1980. Businesses and governments contribute billions to community organizations. However, it is individuals and families that provide the key support to community organizations. They do this both through financial donations, estimated at $3.1 billion in 1990, and through their volunteer hours: In 1987, 5.3 million Canadians donated, on average, four hours a week of volunteer time.

A registered charity is not a homogeneous group. About the only constant is that each organization depends on some mix of paid staff and volunteers. But registered charities range from large, highly organized and professionalized national structures such as the Canadian Cancer Society to small local and primarily volunteer-driven environmental groups. About half of all Canada's registered charities are involved in the support or provision of services that contribute to economic and social security. The rapid growth in their numbers suggests a growing demand for their services. There are also other highly organized but unregistered forms of community support. While not officially designated as charities, unions, co-operatives, credit unions and non-profit housing corporations conduct volunteer activities similar to the work performed by registered charities.

Community support provided by these more formal voluntary organizations is augmented by informal networks of economic and social security support. For example, friends and neighbours provide one another with constant informal interpersonal help. Slightly more formal is self-help and mutual aid, where people form support groups, usually around a central concern. Many groups have formed around job separation and job search. Churches and religious groups provide spiritual guidance and, increasingly, food, shelter and child-care.

In addition to these formal and informal voluntary or charitable organizations, there is a class of community support provided though public, mixed or quasi-public organizations such as schools, hospitals, community health and social centres, libraries, police and fire stations, halfway houses, children's aid societies and so on. These organizations are primarily supported by public taxes but often involve community boards and volunteers. There is always a strong, paid, professional core in these organizations that frequently overwhelms any authentic voluntary element and commitment; these values are often replaced by bureaucratic concerns and the guarding of professional turf and established hierarchies, which effectively removes these organizations from the communities. Management of and for communities too often has been replaced by more control over communities.

Devolution or Downloading of Debt?

One of the main issues facing these three segments of the community sector today is their changing relationship with government. Many community organizations and charities are derided as special interest groups promoting the narrow self-interests of a few. The 1995 federal budget took an axe to community funding. This is a dramatic change from government attitudes and practices in the early 1970s, when citizen participation was not only a popular buzzword but also an instrument of government policy. Perhaps governments did go overboard in their support of the concept and perhaps expectations were unrealistic, but today's dramatic about-face requires a sorting out of new roles and responsibilities.

Current actions of the two senior levels of government in Canada suggest that, as in the United States, there is a movement afoot to shift the support for more of our social security system downward onto communities and families. Before doing this, however, we should recall what happened with the deinstitutionalization of mental patients in several provinces in the late 1970s. This policy decision gave rise to the term "community care," whereby community organizations were to shoulder a greater responsibility for looking after their mentally ill. Governments were anxious to adopt this shift in responsibility because it reduced the heavy costs for institutional care. And for a generation of people just coming out of the liberal 1960s, community care sounded like a good idea. But to succeed, it required caring communities and financial assistance. While there was much in this effort that was laudable, the ugly fact is that many urban communities are now heavily populated by homeless people walking the streets with little care provided beyond shelters and food banks. These unfortunate people now seem to be nobody's responsibility.

There is a clear trend today, more marked in some provinces, toward shifting care and responsibility to the community. As this trend intensifies, there is a need for an open and informed debate. It is not good enough to shift long-standing responsibilities as a budgetary measure alone, when the assumption of these responsibilities represents a crucial strand in our social fabric. It represents nothing less than how we organize to provide a critical element of family security. If food banks and shelters for the homeless are supposed to represent the modern equivalents of the community-based 19th century building bees, increased reliance on communities is very troubling.

Many people romanticize the strength and solidarity exhibited by communities in the past and recommend going back. An Ontario cabinet minister has suggested that single-parent mothers can overcome their child-care problem and return to the workforce by leaving their children with caring neighbours. It is true that a hundred years ago, almost all social security and social services in many provinces were provided through community channels. Higher education, hospitals and welfare assistance were routinely provided by charities, frequently church-sponsored. And informal mutual aid networks also provided support to families in economic and social distress, particularly in rural areas.

However, the world has changed dramatically. Many of the family and community structures that supported volunteer community support have disappeared or atrophied. For example, while it was possible to find child-care among neighbours in earlier times, it was only possible because most women were at home. Today the vast majority of women capable of providing this care are in the paid labour force. Another change is that urban communities are more transient and anonymous than former rural settings. In earlier times, families remained in place for generations in the same village and on the family farm. This stability provided a greater sense of solidarity and connectedness than modern urban life tends to offer. Moreover, in the inner cores of some cities today it would be hard even to locate "community" outside of the homeless and street youth. As a result, if we are to rely more on geographically defined communities to provide care and if adequate resources are to be found, community has to encompass more than the immediate neighbourhood.

Governments

Changing Responsibilities

The Great Depression in Canada marked a turning point in how the nation allocated the responsibility for family security. Before the Depression, it was widely accepted that families were alone responsible for their own security and maintenance, with occasional help from neighbours in time of trouble. Economic well-being was considered to be almost entirely within the control of families, and few public social security programs existed at any government level. The Depression changed this perception: With so many families destitute, it came to be realized that family security was complex and intertwined with broader economic forces. Things could go wrong in the system far beyond the control of individual families. A new consensus began to emerge. Pressure grew for first municipal, then provincial and finally federal programs of family income and social support. During the 1940s and the postwar decades, public programs of income security came into being: unemployment insurance, Old Age Security, support for disabled persons, social assistance, family allowances and medicare.

Full employment was a societal objective under the former consensus, and it was recognized that if people could not participate in the private employment system and were not picked up through public employment programs, they would be supported elsewhere through government benefit programs that did not encourage participation.

Canadians now know that full employment and job security are things of the past because of the irreversible changes that came with the current socioeconomic transition. That message has been reinforced by the marketplace and government.

Because of the very real need for debt reduction, governments are attempting to slash spending. Unfortunately, spending on family security has become an easy target for massive cutting without enough prior thought about where to cut and how quickly. This is leading to higher unemployment rates, increased poverty and income inequality.

The former social consensus around full employment or participation, reinforced by government action, is a thing of the past. We now seem to be making a U-turn that would take us back to the philosophy that existed before the Depression, characterized by the roaring, free-market 1920s.

The actions of a number of provinces, coupled with approaches set forth in the federal government's 1994 green paper on social security reform and the 1995 federal budget, illustrate this U-turn. There is a tendency to blame workers themselves for the current situation while ignoring the new economic reality of too many workers chasing too few jobs.

Faced with this admittedly daunting challenge, a number of politicians are insinuating that there are too many jobs chasing ill-prepared or ill-motivated Canadians, or that income security programs established over the years to protect families from exactly the type of turbulent economic conditions prevailing today are now themselves the very cause of family insecurity.

Is Government Abdicating its Role?

Government has been withdrawing from a number of fields for financial and ideological reasons, sometimes both. It has done this through devolution of its programs, often without sufficient fiscal transfers, and through privatization. But the business of government is not simply to get out of the way. Out of the way of what? the marketplace? global capital? local communities? entrepreneurs?

Government that advocates a heavy-handed and statist approach to the functioning of society is offensive. But is it any more offensive than government that makes the abdication of responsibility its main policy goal?

There are many areas where government can and should review programs and cut spending. There are services that can be delivered as effectively or more effectively for less. And we realize that when changes are made, not everyone will be happy. We recognize that there are many instances where devolution makes sense.

We are, however, disturbed by a school of thought that says government is intrinsically bad and that inactive government – we see it as deadbeat government – is best.

Government should be the legitimate expression of our commitments to one another, the facilitator of the things that we do for one another. It must set standards and rules that affect individuals, corporations and different interests. It must ensure that basic services essential to society's functioning are provided and that a basic redistribution of wealth occurs.

Governments have a central role in forging the new partnership that we have proposed. Consequently, they must do what they were elected to do: devise and implement policies that serve the best interests of the Canadian people.

As public opinion research constantly demonstrates, Canadians are compassionate. They have a sense of community and responsibility toward one another. They believe in a fair redistribution of wealth. Research data continually confirm that Canadians accept the need for a collective approach to matters that are fundamental to the national quality of life.

By the same token, Canadians want their social programs to work. They do not like waste. They do not want the system to be susceptible to abuse by an irresponsible minority. They want it to reflect not just entitlement but also responsibility.

This is reflected in a study prepared for the Canadian Policy Research Networks by Suzanne Peters, Director of the Family Network of CPRN. The study, entitled "Exploring Canadian Values," examined Canadian attitudes toward the three main strands of the social safety net: health, education and social supports. Peters used public opinion data gathered during a 15-year period and the outcome of 25 extended discussion groups in eight cities.

In the study's introduction, Peters writes, "We do not want to retreat on the social policy front. We want to retain the social capital of this country, enhance social cohesion and strengthen the social fabric. At the same time, we want to exercise hard-headedness on the fiscal side."

Peters finds that Canadians remain faithful to the individual and collective values that inspired the present social safety net, but are less certain about whether we have designed the appropriate system to achieve the goals in which they believe. She finds them disillusioned with governments' "piecemeal approaches" and seeking "systemic solutions."

"They want to do more than merely allay individual symptoms through fragmented approaches; they want to promote our collective well-being and find a cure for Canada's social and economic ills. Canadians also make it clear that they want fuller partnerships across sectors and to be more involved in the process of social policy restructuring," writes Peters.

In addition, the Forum Directors believe there is too pronounced a tendency to suggest that the root of current problems is a weak societal work ethic. Employability (worker responsibility) and not employment creation (state and business responsibility) has become the fashionable buzzword. This may seem innocuous, but it marks a clear shift in the locus of responsibility for family economic security.

This transformation of government responsibility for family security had its origins in the mid-1970s, when the massive federal-provincial social security review became derailed by economic forces, and the strong intervention of federal and provincial treasuries. Departments at all levels responsible for health, welfare, income maintenance, child welfare, community and social services and so on lost much of their clout. And it is fair to say that much of the slack in managing matters of family security has been taken up by finance departments and economists.

Family security and social policy in general have fallen too far into the purview of fiscal and tax policy. Family security policy developed in a fiscal arena dominated by traditional economic, legal, money market and accounting concerns is biased toward shifting more economic responsibility toward private actors in the marketplace.

A shift to a greater reliance on the market and toward more private and family responsibility can be seen in two areas: the failure to enact any meaningful assistance for child-care, and the uncertainty about the future of current needs-tested assistance through the Canada Assistance Plan as it gets rolled into the omnibus and reduced Canada Health and Social Transfer (CHST) block grant.

The same uncertainty and reluctance seem to apply to the funding of post-secondary education. Governments and some outside policy analysts have floated plans to make parents and students foot more of the bill for child-care and post-secondary education through private savings – using RRSP-type saving vehicles. This raises some troublesome questions. For example, the need for child-care support naturally arises mostly among young families, when the ability to save is slim. Moreover, the ability of RRSPs to finance retirement is predicated on the funds being invested for a considerable period and growing through compound growth. This is the case for young families who need the child-care support now. In the case of financing education through RRSPs, this will obviously fall on the parents who, except for the well-off, will be trading off their own retirement pensions for their children's educational support.

The elimination of the former universal Old Age Security pension for individuals with above-average incomes is now being followed up by proposals to scale the size of the remaining pension to family and not individual income. This will mean that the only retirement income going to women who are or were full-time caregivers and homemakers to children, elders and the disabled disappears. They will no longer receive a pension in their own right when they reach age 65, but only if their husband's income is below a certain level. This reinforces gender dependency and says to full-time caregivers and homemakers that their contributions have only a private value, except when their husband's low income qualifies their contribution for public recognition.

Current plans to modify the contributory Canada Pension Plan (CPP) is another example of shifting responsibilities. Suggestions to change the CPP, which encompasses elements of social insurance (spreading of risk), include forcing individual workers and families to be more responsible for their retirement fates by using RRSPs. These plans do incur public tax assistance, but over 82% of the total RRSP public tax benefit goes to above-average-income taxfilers and consequently, there is virtually no element of social insurance (spreading risk over income classes) in RRSPs.

What is Less Government?

When Canadians say they want "less government," do they mean less of the complex, bureaucratized, multilevel government we have today (which has suffered a deservedly sharp drop in credibility)? Or, do they mean they want less collective or community provision of the public services they have come to enjoy? If it is the former, then Canadians still want their public services, but provided more efficiently with control exercised closer to home. At the moment, public debate has not clearly defined what we want "less" of. The debate, such as it is, is dominated by the ideologues at both ends of the spectrum putting their own self-interested spins on it.

The Forum is concerned that current shifts in priorities, principles and guiding philosophies expose almost all modest-income families (below the median) to greater economic risks, leading to increased insecurity, especially at a time of great societal change. If governments vacate some of their responsibilities for providing security, what will fill the void? Or will it go unfilled, confronting Canadians with increased levels of insecurity and US-style social deterioration?

The shift toward less government responsibility is a dramatic change. Are families resilient enough to provide additional support? Do they have enough time? Do communities have the resources to take on added responsibilities? Will this continue willy-nilly, or in an age when reducing spending is a real challenge, will we as a society start looking at where governments are cutting, how quickly and the real impact of each decision on Canadians' well-being? Do we just let government vacate more fields of responsibility, or do we develop a new game plan to share responsibilities, a game plan that is just and realistic?

The Tax Wall

No discussion of the role of government and changes to it in the last decade can be complete without a reference to the "tax wall" we have allegedly hit. Raise the issue of more public service and income transfers and the immediate response is, Who is going to pay? It has become accepted wisdom that Canadians will not pay higher taxes. A deeper understanding of this issue can be gained simply by changing phraseology and referring not to the tax wall but to the "productivity wall." Economist Michael McCracken has documented that for much of the postwar period, productivity and income growth were steady, resulting in the sustained expansion of our total income pie. In these circumstances, it was much easier to tax away a little of the annual earnings gain because workers were still left with more than they had the previous year. But since the late-1970s, productivity growth and the growth of the income pie have slowed and in some years diminished.

It is now much harder to extract higher taxes because workers are already taking home less. There is resistance to higher taxes. We did hit the tax wall, but not before we hit the productivity wall. Unless – and this is debatable in a mature industrialized economy – we get back onto a path of economic growth, the division and redistribution of a stagnant or shrinking pie will make it harder and harder to accomplish our social goals. As McCracken sums up, "If we can grow at an average of 2% a year, versus 1% per year, or none at all, then the 'pie' can grow sufficiently to provide for others, without requiring a real sacrifice in living standards for those 'earning' or 'producing' the income in society."

Part III: Building a Partnership of Responsibility

All sides agree that there is a need for family security reform, but the prescriptions vary enormously, from going back to 1960s style of government spending to 1920s-style free-market reliance. But is there a new consensus? Fragmented and uncoordinated reforms are being undertaken at almost all political levels. There is, however, little appreciation of the ways in which individual and isolated changes in programs, practices and policies are shifting the roles and responsibilities of the four mainstays of economic security: families, workplaces, communities and governments. Their roles are being transformed, but nobody has assessed whether they are prepared for or capable of receiving new responsibilities.

Unfortunately, much change is being generated by a single-minded fixation on government debt that overlooks independent examination of social and cultural needs. This paper has tried to show that a systematic examination of family security should begin with an appreciation of the impact of shifts in responsibilities. Before ripping the social fabric in unpredictable and unintended ways, we must develop a new mainstream consensus around a partnership of responsibility that will ensure family security in dynamic and trying times.

What does this require? A partnership of responsibility shifts the ethos of Canadian society from claims to commitments, from private amenities to mutual assets, from prosperity and abundance to vitality and sustainability. Contracts focus on consent between parties; partnerships affirm solidarity and trust among members. Real advantage in the era of globalization will rest with societies that have a shared mission to enhance each citizen's capacity to contribute to the economic and social well-being of the nation.

The postwar architecture of family security rested on a foundation of secure employment, rising private incomes, expanding public programs, fixed family roles and the stewardship of business and church in fostering community cohesion. Within this blueprint, each of the mainstays (families, workplaces, communities and governments) operated with relative autonomy to produce specialized amenities and benefits that together created a rising and enviable standard of living. The social contract of this period reflected each sector of society's expectations about how material wealth would be divided to provide the conditions for security, well-being and continued prosperity.

The capacity to generate wealth in the global marketplace now depends on the intellectual and social capital within the population. Effective learning strategies require complementary contributions from parents, communities, schools and employers. None can generate intellectual and social capital on their own. Healthy social environments for all children require contributions to family security from each of society's mainstays in which the conditions essential to well-being are generated and available.

During the past decade in Canada, we have heard about the need to reposition our economy, to reinvent our governments and to regenerate our communities. Clearly, it is time to assign an equivalent urgency to rebuilding the infrastructure of family security.

The Forum's proposed partnership of responsibility addresses a profound shift in economic and social circumstances. The impacts and challenges of change have eroded capacities within each sector of society to operate with relative autonomy. The new conditions of security and well-being rest on the willingness of each of society's mainstays to contribute to the capacities and vitality of the others.

It is not our place to outline a plan of action to build the proposed partnership of responsibility. Such a social reform requires an act of political will and the active participation of all of society's mainstays. But although we avoid the mechanics of building the partnership, our work allows us to suggest some of the attitudinal changes and responsibilities that must be embraced by each of society's mainstays.

Families

Entry into family life has always meant the commitment to assume extended responsibilities. Forms of contributions by family members change over time and reflect shifts in economic circumstances, demographic patterns, community standards and societal values. While the basic health of families rests on complex internal dynamics of commitment and private capacities, it is the social capacities of families to contribute to their security that is the subject of public concern. On the whole, today's families, in all their unprecedented diversity, are meeting their basic commitments in conditions of increasing challenge and exertion. The cultural and economic shift to dual incomes and shared parenting has stretched parents' abilities and compressed family time. Too many women are overburdened because some men will not equally share the responsibilities of parenting and maintaining the home. Too many women are forced to nurture and raise children without sufficient financial and emotional support.

New frameworks of family security will require increased social contributions to family care from both parents and extended relations.

- All families must embrace the partnership of responsibility by making a commitment to learning, to healthy human capacity development and to investing in their communities. This means involvement in the raising of children must be intense, even when the economic going gets tough. It also means that parents who separate are still responsible for shared support and parenting. The absence of will is no excuse, under any circumstances, to neglect the effort needed to raise a well-rounded person. Communities and governments can never make up the deficits afterward that result from poor parenting and the jettisoning of commitments. While society can only partly stimulate the will to parent properly, it must distribute income, employment opportunities and human resources to ensure that all families can raise children properly.
- A fundamental value shift is required among men so that they assume their full roles in parenting and not just co-provision (dual earning). Otherwise, women's burdens will continue to increase. The day of the rigidly defined roles of the primary earner and caregiver is finished, but dual incomes have not always resulted in equitable sharing of parenting responsibilities. In the case of lone-parent families, these two responsibilities are often borne solely by one parent. "Co" does not necessarily mean equal, and it also acknowledges that roles and degrees of responsibility for co-parenting and provision will change over the family life cycle.
- Many families now realize that the era of substantially rising material standards is over in Western industrialized societies. It is also becoming increasingly, if grudgingly, accepted that higher levels of industrialization, even if we wanted to pursue postwar economic growth objectives, cannot ultimately be sustained by the environment.
- Families need the means to take greater responsibility for providing better beginnings for their children. The right supports are needed so

that children can develop the resiliency, adaptability, creativity, decency and civility needed to become skilled and secure adults who can build a vital and healthy economy and society. Early childhood development opportunities, child-care, child protection, education and training, shelter and health services cannot be left entirely to individuals and families. All the mainstays of society must provide them together.

Workplaces

Private and public sector workplaces remain the engines of economic vitality for both the domestic and global economic sectors and the sources of social cohesion in the community.

- Employers and unions must embrace the partnership of responsibility. The workplace must provide a more family-friendly environment. In the past decade, most of the adjustment to the labour market's new realities have fallen unfairly on families, especially and too often on women.
- The workplace must provide resources to families to facilitate not just co-provision, but also co-parenting. The special and difficult situation of lone parents must be recognized so that they are assisted in fulfilling their family obligations. The workplace can become more family-friendly by providing incentives and resources to permit flexible hours, family leave provisions, reduced working hours, decent wages and more stable employment.
- The workplace must help society deal with increasingly scarce job opportunities. The move to contingency labour promotes market efficiencies but reduces the opportunities for sustaining family employment. The prospects for a full-employment economy, offering families a sufficient stock of jobs to sustain basic family living standards, are remote. Still, workplaces must provide a place to start for the young members of families. They can do this by providing jobs. They can offer meaningful work experiences, such as on-the-job training, more formal training, apprentice positions, job mentoring, shadowing and co-operative education. Creating additional jobs by eliminating frequent overtime is a way of providing additional opportunities. Such actions should result both in positive first-job

experiences and in expanded opportunities for advancement. This would help the workplace win back the eroding loyalties of families and young workers. If the workplace cannot provide a stepping stone into the adult world, it is neglecting the community's future prosperity.

- For private employers in the global sector, there is an urgent need to reconsider their internal labour markets. To what extent are contingent and just-in-time labour strategies consistent with the longer term requirement of dynamic core competencies in the workplace that respond and adapt to unpredictable changes in market conditions?
- One of the most important resources the workplace can provide to the community is its contributions to the financial well-being of the country and Canadians. This is done through taxes on business profits and dividends and through employer-employee contributions to social insurance schemes such as pensions, unemployment, accident and health. Too many business leaders see these taxes and contributions as impediments to profits. Perhaps they should start seeing them as an investment in people who will make up a more secure and stable workforce.
- A major societal obligation of the workplace is to provide for the security of workers. Workplace managers must embrace the partnership of responsibility. Destructive workplace practices are incompatible with the long-term survival of Canada's families and economy. The erosion of Canada's families will certainly rebound on the workplace and employers in the form of decreased productivity and purchasing power. However, because such erosion does not take place overnight or dramatically, but over longer periods, it is not likely to be identified by business leaders or policy makers as a major factor in weakening economic performance.
- Families, employers and unions must look at hours of work. Families will have to face the possibility of trading off a reduced workload and income for more time away from the workplace. In many cases, this trade-off, while reducing the material standard of living, will help to reduce the time crunch and result in an enhanced quality of life.

- There are personal responsibilities for all employees to maintain skill levels and enhance learning, contribute to innovation and commit to a workplace culture of shared goals and co-operative work relations.

Communities

United Nations reports, basing themselves on global standards, have cited the high quality of life that most families enjoy in the cities and towns of Canada. However, there are clear exceptions in some inner cities, in some rural regions and in far too many Aboriginal communities. The quality of our settlements is a precious asset and offers favourable prospects for strengthening the role that civic institutions and communities can play in supporting and enhancing family life.

In an era of expanding public provision, efforts to mobilize vital community resources such as churches, small businesses, service clubs and residents associations have been limited. Schools vary in the extent of active participation by parents. The mobilization of community resources can extend and deepen supports and opportunities for family life. Community resources cannot, however, be expected to assume the core responsibilities of governments for the economic maintenance of families going through hard times. Compelling poor and vulnerable families to present themselves to their communities for assistance hardly dignifies families nor does it generate the conditions conducive to a common civic life.

- The institutions in our communities outside our families and workplaces must embrace the partnership of responsibility. The majority of families and workplaces make significant and necessary contributions to the vitality of their national and local communities by paying a variety of taxes and user charges levied by governments. However, this important but limited tax commitment is not enough, since the work that these levies support is mostly designed and implemented by paid professional staff. There needs to be a greater willingness not only to endow community resources but for people to become more involved in these institutions and the work that they do.
- If communities are to further the interests of families it will be necessary for families, workplaces and governments to work together and to make different and larger commitments to community organizations.

- There is a need to examine how public services are delivered at the community level. Public services cannot achieve their social objectives unless the people in communities work with the people hired to provide the services to devise common strategies to promote learning, care and security. In turn, those hired to provide public services must recognize that they are more than corporate providers of standardized public products; they are an integral part of the community.
- All community organizations (businesses, churches, charities, public institutions) must have greater outreach into the community. Some community organizations do not see themselves as being involved in the welfare of families. Many community organizations are too bound up in sectoral agendas and are insensitive to their wider responsibilities to communities and families.

Governments

Governments remain the primary institutions through which we can reduce disparities and pursue basic assurances of security for all families. We cannot expect to sustain healthy patterns of family life without a sufficient supply of productive roles for family providers, either within the labour market or in socially valued contributions and activities such as family care, studies and community service. Governments alone cannot fulfil these needs. They must, however, show leadership in promoting collaboration with workplaces and in securing the support of citizens for sound strategies to foster family security.

- Governments, as part of the partnership for responsibility, must continue to manage the distribution of wealth. But having hit the tax wall, they must put forward convincing arguments about the benefits of redistribution to a sceptical public. No longer should they talk of tax and transfer programs, because the public has become reluctant simply to shift money around in a period of slow growth without apparent benefit. A new rationale must be based on family-focused fiscal transfers being used as investments that encourage and allow recipients to become more self-sustaining. This new understanding and structure of the tax and investment system must not only be an investment in society's long-term well-being, but, to be successful, must be seen as such.

- As a country, we have failed to develop a sustaining system of income security programs for poor and vulnerable families. This is reflected in the disproportionate use of social assistance as a major source of income support in Canada for families with children. Countries in Western Europe provide strong social protection for families, even during hard times. They make limited use of social assistance. Programs exist that improve the living standards of families at low ends of the labour market.

- High levels of consumer debt suggest that many Canadians have material aspirations beyond what is sustainable in an economy of lower peaks and more frequent troughs. There is a disturbing dissonance between promises of imminent prosperity commensurate with previous decades and the reality that growth will be modest. Political promises that we can emulate the rapid growth of Asian Pacific countries ignore the fact that this is their first crack at prosperity. Thus, their growth will be rapid in percentage terms. Canadian governments must stop promising more and higher material standards of living to the electorate and recognize that their powers over the economy are much reduced from former days. Governments should no longer take responsibility for those economic actions that are now largely controlled beyond our borders. They should take greater responsibility for areas where they still have considerable control, such as family security, physical safety, taxation, income distribution and cultural policies.

- Spending priorities must be reordered to permit support for policies that either spread existing employment opportunities more equitably (reducing work hours) or support useful forms of work beneficial to families: raising children, attending school, retraining, looking after elderly dependents and working in the community. It also means supplementing the incomes of the working poor whose salary levels keep them below the poverty line.

- There are few new services that families require of governments. The challenge is to make a more intelligent use of existing services through strategic modifications, consolidations, and collaborations. In the Canadian context, we have built a strong system of public services for families in the domains of education and health care, but less strong systems of recreation, social services and social housing. And action is also needed in such areas as early childhood development.

Conclusion

Reconstruction of our society on the basis of a partnership of responsibility must transcend the climate of division and confusion within Canada. At the same time as we address national unity issues, we must face the profound reorientations required to position ourselves in the 21st century. The challenges of domestic survival and family security in the global era cannot take a back seat to an extended process of constitutional deliberations, nor will it respect solutions that erode our capacities for renewal. Strategies that intensify economic disparities and foster social cleavages between classes, different types of families or generations offer limited prospects for most Canadian families for a decent future.

Promoting family security lies at the heart of the renewal process. As the Vanier Institute of the Family has observed, whatever their forms and however we may define them, families remain primary sources of care and contribution to social and economic life in Canada. When families reflect in their practices the values of sustaining affirmation, they nurture the talents and foster the commitments essential to social well-being and national renewal.

While families persist and flourish through will and desire, their capacities to endure are also shaped by the conditions and circumstances of daily life. There is abundant research evidence demonstrating that families are exceptionally vulnerable to stress and disruption when basic opportunities and resources essential for family maintenance are unavailable. Renewal strategies that assume unlimited family resilience in the face of chronic deprivation, instability and exclusion are misinformed and poorly founded. Similarly, we know that innovative workplaces and healthy communities require basic assets to thrive. A focus on family security is a call to identify and assure families of the basic opportunities and resources essential to endure, to care and to contribute to domestic life within the new conditions of the global era.

Rebuilding the underpinnings of family security cannot occur in isolation from strengthening the other mainstays of domestic renewal – workplaces, governments and communities. The ability of each of society's mainstays to meet its responsibilities is essential to the well-being of the others.

The least promising strategies propose that we select one or two of society's mainstays for priority consideration, while neglecting or disengaging from the others. For example, policy predicated on the claim that the prime focus must be exclusively on incentive and efficiency will result in social dislocation. Government would have an ineffective role and communities would assume core public responsibilities that they cannot handle. Increasing numbers of families must adjust to more frequent spells of unemployment and underemployment with diminishing social protection. In effect, this approach sacrifices social cohesion for economic vitality. Where this path has been pursued for an extended period – in New Zealand, the United Kingdom and the United States – the social results have been dismal. A contrary approach, one that ignores globalization, would result in a burgeoning debt load and economic catastrophe.

Fortunately, there is a new intelligence emerging from leading international centres on more promising national strategies for the global era. An example is the World Forum's report on world competitiveness referred to earlier in this paper. Such approaches emerge from examining the hard evidence of what works in countries with stronger economies. The conclusions are at considerable variance with the orthodox prescriptions that have prevailed over the last two decades.

There is a growing international awareness that stronger economies are found in countries with lower levels of disparity. The social health of a country contributes to its economic vitality. In any given country, there are two types of economy which perform different functions under differing rules and costs. The economy of globalization includes enterprises that must meet high market efficiency and management standards to survive the competitive demands of global trade. The economy of proximity provides end-user goods, both private and public, along with opportunities for employment and participation, which together contribute to domestic well-being and social cohesion.

While levels of public support for the economy of globalization are constrained by market imperatives and international trade agreements, countries have greater freedom to structure their economies of proximity. Levels of public investment and support for this sector will reflect the willingness of citizens to pay for cohesion and avoid the social costs of exclusion.

It is increasingly clear that we *do* have choices in reconstructing our frameworks for family security. We need not travel the dismal road of disparity and polarization. We have choices about how we deal with public deficits. We have choices about what roles we want governments to assume. We have choices about what levels of unemployment and exclusion we are prepared to accept. We have choices about the kinds of workplaces and communities we build. And we have choices about what we value in pursuing our personal and common well-being.

If we are to succeed in developing inclusive frameworks of family security, it will not come from pointing fingers at one another. To achieve social cohesion and economic vitality during a difficult period of transformation, we must act with greater cohesion.

Well-being can only be improved if family security is assured. Economic and fiscal issues are important, but only as they affect family security and well-being. Canada must acknowledge family security as the primary objective in building a civic society for this new age. In so doing, we will acknowledge that families are the true foundation of our economic and social vitality.

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The papers in Vol. II were commissioned by the National Forum on Family Security to outline the challenges facing Canadian families today and suggest new ways of meeting these challenges. They offer examples of what governments, communities, families, employers and others can do to improve family security in light of the new socioeconomic realities.

Distinguished contributors are: Claude Béland, Camil Bouchard, Rod Dobell, Ann Duffy, Daniel P. Keating, Lorna R. Marsden, Michael Mendelson, Shelley A. Phipps, Norene Pupo, Frank Reid, and Jean-Bernard Robichaud.

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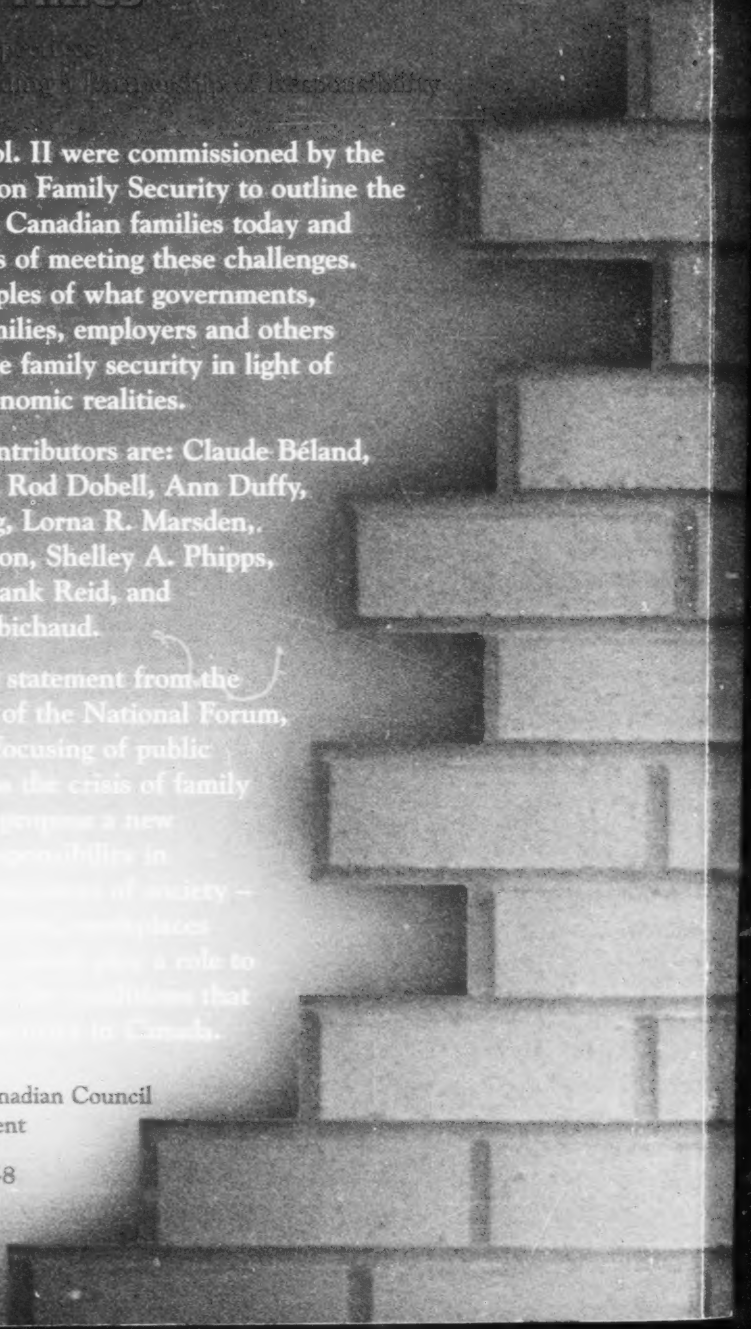
Family Security in Insecure Times

Vol. II – Perspectives
Vol. III – Building a Partnership of Responsibility



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